

BUSINESS PLAN FOR MAJOR LAND TRANSACTION

**PROPOSED DEVELOPMENT OF AN
INDEPENDENT AGED ACCOMODATION
FACILITY ON LAND, MANAGED BY THE SHIRE
OF BOYUP BROOK, AT THE CORNER OF BRIDGE
STREET AND HOSPITAL ROAD BOYUP BROOK**

TABLE OF CONTENTS

1. EXECUTIVE SUMMARY	3
2. INTRODUCTION	4
3. BACKGROUND	4
4. LEGISLATIVE REQUIREMENTS	7
5. ASSESSMENT OF MAJOR LAND TRANSACTION	7
5.1 EFFECT ON THE PROVISION OF FACILITIES AND SERVICES BY THE SHIRE DISTRICT	7
5.2 EFFECT ON OTHER PERSONS PROVIDING FACILITIES AND SERVICES IN THE DISTRICT	8
5.3 EXPECTED FINANCIAL EFFECT ON THE SHIRE OF BOYUP BROOK	8
5.4 EFFECT ON MATTERS REFERRED TO IN THE PLAN FOR THE FUTURE	8
5.5 ABILITY OF THE SHIRE TO MANAGE THE UNDERTAKING	8
6. BUSINESS PLAN ADVERTISING AND SUBMISSIONS	9

1. EXECUTIVE SUMMARY

This business plan deals with the proposed development of the following land which is managed by the Shire of Boyup Brook:

50 Bridge Street Boyup Brook

Lot 371 on plan number 191230, Reserve 43226

58 Bridge Street Boyup Brook

Lot 347 on plan number 175823, Crown Grant

70 Bridge Street Boyup Brook

Lot 367 on plan number 185691, Crown Grant

And a portion of the following land which is managed by the Boyup Brook Hospital Board (Western Australian Health Department):

12 Hospital Road Boyup Brook

Lot 187 on plan number 159594, Reserve 18008

The Council has been, for a number of years now, in the process of reviewing options and opportunities for a retirement village style of development, to cater for the well aged, in Boyup Brook. This culminated in Council identifying the area around the Boyup Brook Citizens Lodge as being the preferred site.

The Shire is now seeking feedback from the community on the proposed Aged Accommodation Development before submitting this matter to the Council for determination in April 2015. Submissions close 4.00pm, 6th April 2015.

ALAN LAMB
CHIEF EXECUTIVE OFFICER

2. INTRODUCTION

The purpose of this Business Plan is to:

- a) Advise the community that the Shire proposes to undertake a Major Land Transaction in respect to the development of land to meet the communities aged accommodation needs.
- b) Provide the opportunity for the community to make submissions on the Business Plan; and
- c) Satisfy the requirements of Section 3.58 and 3.59 of the *Local Government Act 1995*.

3. BACKGROUND AND DESCRIPTION

In 2012, Council commissioned preliminary costs indications for a number of significant projects that would be considered as part of long term planning. This included a number of aged accommodation options and was used by Council as part of the determination process that, in August 2014, led to the decision to opt for utilising Shire managed land in Bridge Street Boyup Brook (at the corner of Hospital Road). This option avoided the need to purchase land and so offered a lower project cost than others. Council considered a town lot, now owned by the Shire (having been purchased some time ago for an aged accommodation option), but the lack of a sewerage system limited the development to 3 or 4 units. This lot is in the area that is expected to be in stage one of a sewerage system and so offers future opportunities for perhaps a different sort of development to the one being planned now.

In 2013, and with South West Development Commission (SWDC) funding, Council commissioned the Boyup Brook Aged Friendly Report to be used, along with similar reports produced by other South West Councils, as the basis for an Aging Strategy for the region. This met the requirement of Action 1.1.7 in the Shire's Corporate Business Plan 2014-2017. This report highlighted the community desire for independent living units designed for seniors (a common desire in the region).

Also in 2013, and again with SWDC funding, Council commissioned an Aged Housing Plan. This report pointed to the SWDC's 2011 Active Aging Research report that acknowledged (page 35) that *The ability to age in place is now recognized as a Major factor in relation to the overall wellbeing of older people. Staying in the community they know and are known by local people is important to many older people in terms of maintaining the key social connections and continuing to participate in community life.* The report identified the development of affordable independent living units as a way to enable Boyup Brook Residents to age in place. The report was supported by community engagement that included a survey that revealed 50% of respondents were prepared to pay an up front cost of \$221,000 to \$250,000 for relevant housing.

In 2014, Council looked at the operation of three aged accommodation developments and each included a lease arrangement with an up front cost and a periodic charge. The up front costs ranged up to \$260,000 and the periodic costs ranged from less than \$20 per week to more than \$50. The lease terms varied but a lease for life appeared to work well. This research indicated that an operation in a nearby town was self funding without the need for loan funds for expansions, the demand was regular and reasonably strong (even at an upfront cost of \$260,000), the lease for life arrangement worked well. That relying on existing town facilities rather than duplicating these within the development was workable and reduced the periodic charge significantly. This operation offered Council an ideal benchmarking opportunity for planning and operating the proposed development.

The land at numbers 50, 58 and 70 Bridge Street Boyup Brook, is managed by the Shire. The use and size of each parcels of land are as follows:

50 Bridge Street Boyup Brook

Reserve Purpose – Recreation. Land size -

58 Bridge Street Boyup Brook

Crown Grant conditions – land held in trust for Home for Fail Aged. Land size -

70 Bridge Street Boyup Brook

Crown Grant conditions – land held in trust for Home for Fail Aged. Land size -

The project includes the transfer of a portion of the Reserve that the Hospital stands on, to Shire management. The Reserve is made up of three Lots and the Shire will seek to manage a portion of the following Lot:

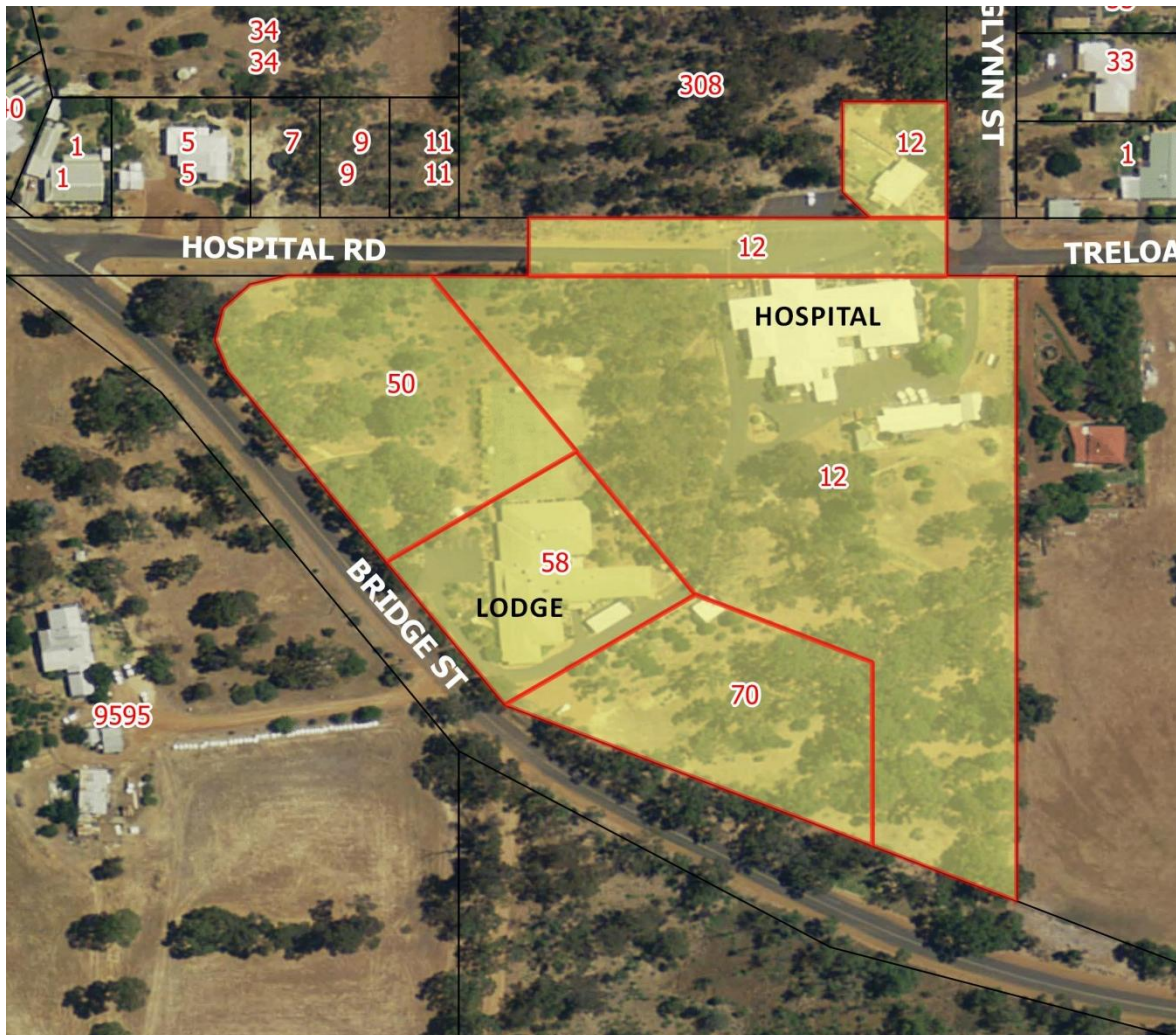
Lot 187 Hospital Road Boyup, portion of Reserve 18008, 12 Hospital Road

Currently, the Shire managed land is partly developed as aged accommodation. Numbers 58 and 70 Bridge Street are leased to the Health Department of Western Australia who operate the Shire owned Citizens Lodge facility. A grassed playing field (croquet) has been established on a portion of 50 Bridge Street and a portion of 12 Hospital Road. There appears to be no agreement in place for the Shire to occupy a portion of the Heath Department managed Reserve. The proposed boundary adjustment will resolve this anomaly and provide more land for the Shire development.

The plan is for the three lots managed by the Shire, and the portion of the lot managed by the Health Department, that is to be transferred, to be made into one land holding with a Purpose (if it's a Reserve) or condition (if it's a Crown Grant), conducive to the planned development (Aged Accommodation).

The proposal is to prepare a plan for the full development, to provide for future expansion, and to stage construction in accordance with demand. Stage one may consist of 5 or 6 independent living accommodation units. The intention is to fund the construction with loan funding and to pay the loan off with revenue from the activity.

The Shire is now proposing to advertise the proposed major land transaction in accordance with the *Local Government Act 1995* and then report to Council for determination on the proposed development in April 2015.



4. LEGISLATIVE REQUIREMENTS

4.1 PREPARATION OF A BUSINESS PLAN

Section 3.59 of the Local Government Act 1995 details the process governing commercial enterprises' by local governments, including Major Land Transactions. This Section defines the development of land as being a land transaction. A Major Land Transaction is a land transaction that is not exempt under the Act, and where the total value of:

- (a) the consideration under the transaction; and
- (b) anything done by the local government for achieving the purpose of transaction, is more, or is worth more, than either \$2M or 10% of the operating revenue of the local government in the last completed financial year.

Ten percent of the Shire's operating revenue for 2013/14 is \$452,052. Council has capped the cost of stage one of the development at \$2m, through its 2014/15 budget process. However the total project, if further stages are developed, will exceed this value.

Before entering into a Major Land Transaction the Shire is required to prepare a Business Plan that includes an overall assessment of the land transaction including:

- Expected effect on the provision of services and facilities by the Shire;
- Expected effect on other persons providing services and facilities in the district;
- Expected financial effect on the Shire;
- Expected effect on the Shires Plan for the Future;
- The ability of the Shire to manage the performance of the transaction; and

This Business Plan complies with the requirements of Section 3.59 Commercial Enterprises by Local Governments of the Local Government Act 1995 and the Local Government (Functions and General) Regulations 1996.

5. ASSESSMENT OF MAJOR LAND TRANSACTION

5.1 EFFECT ON THE PROVISION OF FACILITIES AND SERVICES BY THE SHIRE

If Council develops the proposed aged accommodation facility, it will provide residents and others the opportunity to move to a smaller home in Boyup Brook. There are no small lot developments in Boyup Brook at this time, due to constraints brought about by the lack of a sewerage scheme, and so limited options for well aged people who want to down size. The proposed development would be staged such that the early stages rely on an on site disposal system, and that full development would be pending a sewerage scheme.

This initiative will provide an option, which currently does not exist, for aged persons to remain in Boyup Brook. The plan is for the units to be constructed such that residents will be able to age in place and so may not have to contemplate moving, to more suitable accommodation, as they get older.

The development will rely on the existing facilities in Boyup Brook and not duplicate these as part of the development. This will reduce up front and ongoing costs for its residents and encourage their participation community activities. Residents of the development may also be able to utilise Citizen Lodge facilities and services.

The development should increase the town's population. The flow on effect would be reflected in an increase in demand for goods and services, employment opportunities, increased community organisation membership and better utilisation of community facilities.

5.2 EFFECT ON OTHER PERSONS PROVIDING FACILITIES AND SERVICES IN THE DISTRICT

The proposed development will be different to any other accommodation option currently available in Boyup Brook, and so should have no impact on other entities providing accommodation in the district.

5.3 EXPECTED FINANCIAL EFFECT ON THE SHIRE OF BOYUP BROOK

The proposal is to keep up front costs down by utilising Crown Land that the Shire manages and to avoid the need to purchase land. Also to utilise existing facilities, some provided by the Citizens Lodge and others already available in town, in preference to duplicating facilities as part of the development.

The project relies on 100% loan funding, the application of loan funds currently held (\$400,000) and new borrowings of up to \$1.6m. Current interest rates available to Council range from 2.46% for 1 year and 3.45% for 20 years.

The favoured business model, for the development, includes residents paying an up front sum (\$260,000 in a nearby town) and a weekly amount. This model has proved to be sustainable at other locations (the not for profit group operating a facility in a nearby town has been able to expand its operation without the need to raise loan funds).

The proposal is for more detailed planning to be done over the next few months, to better assess potential costs and risks, and then to market the opportunity prior to development. Council is looking to a self funding model and is unlikely to progress the development if the detailed planning shows a significant shortfall. Council will have to borrow funds to complete the project but hopes to reduce the amount by any "off the plan" sales that can be garnered prior to construction.

It is expected therefore that, if the project goes ahead, it will have limited financial affect on the Shire.

5.4 EFFECT ON MATTERS REFERRED TO IN THE PLAN FOR THE FUTURE

The proposed development aligns with the Shire's Strategic Plan 2013-2023 Objective to *Facilitate affordable and diverse housing options* and the Priority *Develop a range of aged accommodation opportunities*.

5.5 ABILITY OF THE SHIRE TO MANAGE THE UNDERTAKING

The Shire of Boyup Brook is sufficiently resourced, skilled and experienced to manage the proposed development project. The Shire has also provided sufficient budgeted funding to utilise the professional services of Shire's Planning Consultant, who will spearhead the design stage of the project, and other professionals such as an Architect and Engineer to provide specialist services.

6. BUSINESS PLAN ADVERTISING AND SUBMISSIONS

Section 3.59 of the *Local Government Act 1995* requires the Shire to give state-wide and local public notice of the major land transaction under consideration inviting public submissions for a minimum period of six weeks.

A notice will be placed in the West Australian on Saturday 21st February 2015 and in the Manjimup Bridgetown Times on Wednesday 25th February 2015. Notices will also be placed on the Shire's public notice board. This notice and business plan will also be available to view at www.boyupbrook.wa.gov.au and available for inspection at the Shire's Administration Centre.

Submissions are to be made in writing to the Chief Executive Officer and received no later than 4:00 pm, 6th April 2015.

Submissions are to be addressed to:

Chief Executive Officer

Shire of Boyup Brook

PO Box 2

BOYUP BROOK WA 6244