



**Major Infrastructure Proposal Assessment
Development WA's
Burt Street
Summary Assessment Report**

Infrastructure WA

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Acknowledgment of Country

Infrastructure WA acknowledges the Traditional Custodians of Western Australia and their continuing connection to the land, waters and community. We pay our respects to all members of the Aboriginal communities and their cultures; and to Elders both past and present.

Major Infrastructure Proposal Assessment Summary Report

Purpose

This assessment report has been prepared in carrying out Infrastructure WA's (IWA) legislative function to assess and report to the Premier on major infrastructure proposals. The assessment has been carried out on DevelopmentWA's Burt Street detailed business case. Additional supporting information received, consultation and further research undertaken by IWA was also used to support the analysis.

1. IWA observations

IWA considers that there have been previous decisions of government in relation to this project, namely endorsement of the option of providing 23 social housing units in the initial two buildings at Burt Street, with agreements in place. Therefore, this assessment is primarily focussed on the delivery aspects of the proposal and areas of future improvement.

IWA considers that the proposal has sufficient strategic merit and overall information to inform a Government investment decision. There is strong alignment with State policies and initiatives to support the provision of social housing, in locations close to transport and social amenities.

The key issue and risks are around the projected project cost and the State's funding requirements until negotiations with a primary contractor are concluded, which leaves the project's viability uncertain.

2. Context

2.1 Project background

Burt Street, Fremantle is situated approximately one kilometre from the main Fremantle commercial centre. In the 1960s a number of State public housing apartment buildings were constructed on the site. Between 2012 and 2018 these apartment buildings were demolished, with the site now vacant.

This proposal is for 152 new apartments across two buildings, including 23 one-bedroom apartments allocated for social housing. The proposal is the first stage of a five-building redevelopment which is expected to provide approximately 280 apartments and townhouses in total.

In 2015 a Memorandum of Understanding (MoU) between the Housing Authority and the City of Fremantle was executed to set a broad framework on the delivery of social and affordable housing on the site, including a range of accommodation types, sustainable rating requirements and public art. The MOU has since expired however is still being used to guide the proposal outcomes.

DevelopmentWA took control of the Burt Street project during 2021, after the project had been progressed by the Department of Communities, which included securing development approval and entering into agreements with Edge Visionary Living (Edge).

Subject to successful concluding the construction tender and agreements with Edge, DevelopmentWA anticipates construction to commence in 2024 and be completed during 2026.

3. Strategic merit

3.1 Alignment

IWA considers that the proposal has strategic merit as it responds to a number of State strategies including IWA's State Infrastructure Strategy (SIS) and the WA Housing Strategy 2020-2030 to boost social housing.

3.2 Problems and opportunities

It is widely accepted that there is a current shortage of housing and especially social and affordable housing in the metropolitan area. The Burt Street site is presented as an opportunity to use vacant government land for delivery of social, affordable, disability and market priced housing. The proposal will provide for housing diversity through the delivery of a mix of one, two and three bed apartments and townhouses.

4. Options assessment

While the options assessment was outside the scope of this assessment, IWA suggests that for future proposals of this nature, the detailed options assessment should be included in the business case. This would provide insight into the range of potential options to address the defined problem/s, and the selection process for the preferred one. This should include different combinations of social and/or affordable housing, build to sell or build to rent options, private sector partnering options, the use of Community Housing Providers and the associated financial and social implications associated with each option.

5. Societal impacts

5.1 Economic and financial assessment

The total project cost for the proposal is estimated at \$127.8 million, with the proposal expected to provide a modest financial return to the State.

IWA considers there has been sufficient due diligence on the proposal to give a reasonable indication of the project costs and expected revenues.

It is a noted risk that the feasibility is sensitive to further increases in build cost and therefore its viability if additional costs eventuate.

The Detailed Business Case would have benefited by providing the anticipated financial outcome based on the full development of the Burt Street precinct and by providing an overview of the broader economic and financial benefits that this proposal should bring beyond the direct financial costs and returns.

5.2 Social assessment

Together with other supported and crisis accommodation services, social housing provides a critical safety net for the most vulnerable in the community. Similarly affordable housing access is critical, as without this, there will be greater pressure on more costly social housing services.

The delivery of the market priced apartments is also important to increase the critical housing shortfalls that are being experienced throughout the State.

5.3 Environmental assessment

There were no environmental or contamination issues identified as part of the proposal's due diligence. The site has previously been cleared in parts to accommodate the previous land uses.

IWA is encouraged that the project is being designed to achieve a 5 Star Green Star rating.

6. Recommended option and project definition

The proposal is seeking to deliver 152 new apartments across Buildings 1 and 2, including 23 one-bedroom apartments allocated for social housing. The proposal is seeking to achieve design excellence and deliver benefit to the community via a café in Building 1, and more than 800m² of arts-related amenity in Building 2.

7. Deliverability

The planning for the site is well progressed with Development Approval received in March 2022. As this approval expired in March 2024, an application to extend (with modifications to the current approval) has been lodged with Department of Planning Lands and Heritage and is currently being assessed.

The key risk is the need to secure an agreed head contractor in order to provide confidence in the proposed costing and program. DevelopmentWA has advised this is due to be concluded in July 2024.

The proposal is scheduled to be completed by the end of 2026, with future stages subject to the successful undertaking of the initial stages. DevelopmentWA has evidenced a detailed program that should be achievable subject to the securing of the head contractor and Development Approval.