Lessons from Site Tour 2
Innovation in affordable housing supply: heritage redevelopment
Presentation Overview

Fletcher Mews & Somersault Developments
Opportunities and Challenges
Delivery Models and Associated Transaction Structuring
Fletcher Mews
Queen Victoria Street & Beach Street, Fremantle

- WA Housing Authority Role: Developer
- Funding: 100% of costs by Housing Authority
- Site Purchased: 1990
- Development Completed: 2004
- Heritage Components: Cold Stores, Tram Barns, Power Station
- No. of Dwellings: 101
- Dwelling Types: 1/2 bed apartments, 3 bed townhouses, mobility units
- Design & Approvals: Consultants appointed by Housing Authority
- Construction: Builder appointed by Housing Authority
- Housing Programs: Social housing for seniors, singles and families
- Property Management: Housing Authority
Fletcher Mews
Queen Victoria Street & Beach Street, Fremantle
Somersault
Beach Street, Fremantle

- WA Housing Authority Role: Developer
- Funding: 100% of costs by Housing Authority
- Site Purchased: 2011
- Development Completed: 2013
- Heritage Components: Façade (part of Dalgety Wool Stores complex)
- No. of Dwellings: 58
- Dwelling Types: 1 bed apartments
- Design & Approvals: Consultants appointed by builder
- Construction: Builder appointed by Housing Authority
- Housing Programs: Community Housing, shared equity sales, full price sales
- Property Management: Community Housing by Southern Cross
Somersault
Beach Street, Fremantle
Why heritage projects?

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<th>The Opportunities</th>
<th>The Challenges</th>
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<tr>
<td>• Location &amp; accessibility</td>
<td>• Construction costs</td>
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<tr>
<td>• Design opportunities</td>
<td>• Hidden costs</td>
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<tr>
<td>• Density/other opportunities</td>
<td>• Latent land conditions</td>
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<tr>
<td>• Uniqueness</td>
<td>• Design &amp; planning restrictions</td>
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<td>• Ability to add value</td>
<td>• Approvals</td>
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<td>• Increased revenues</td>
<td>• Development program</td>
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<td>• Liveability and place-making</td>
<td>• Accessibility/buildability</td>
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<td>• Protection</td>
<td>• Increase in risk profile</td>
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<td>• Regeneration</td>
<td>• Funding</td>
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OPENING DOORS
Managing your approach

Due diligence
Site purchase
Flexibility
Stakeholder support
Value add opportunities
Marketability/Suitability

Delivery model & transaction structure
(balancing risk, reward & capital outlay)
Fletcher Mews: 1999
Delivery Model: Traditional: Capital Intensive / Medium-High Risk

- HA funds land purchase, design, approvals & construction
- HA manages design & approvals through consultants
- HA tenders construction under AS2124/4000 (no GMP)
  - HA receives all stock (none sold)
Somersault: 2010

Delivery Model: Land & Design/Build Package: Capital Intensive / Low Risk

- HA purchases land and design/build package from builder
  - Builder takes all risks on land
- HA enters into D&B contract (AS4300) with builder incorporating GMP/all risks
  - Builder manages and takes risk on design & approvals
  - HA receive all stock (part of which is sold)
Current Activity: 2015

Delivery Model: DMA: Non Capital Intensive / Low-Medium Risk

- HA funds land purchase
- HA engages Development Manager (DM) to manage development
  - DM contributes capital to fund design, approvals and marketing
    - DM secures pre-sales and construction capital
  - DM takes most of design, approvals, sales, construction and funding risk
- HA retains some stock while rest sold (stock retained equivalent to HA’s returns from deal)