

PROPOSAL

FORMER BYRON HOSPITAL SITE

Prepared for

NSW State Government

Minister for Health Brad Hazzard

By

Byron Hospital Steering Committee

Chaired by Chris Hanley

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OVERVIEW

This document has been prepared for the NSW Department of Health by a Steering Committee from the Byron Bay Community in relation to the future of the now de-commissioned Byron Bay Hospital.

It is proposed that the facility be restored to an operable condition, retained by the NSW Government, and turned over to the Byron Bay community in a long term lease or trustee arrangement with Byron Shire Council to run a not-for-profit enterprise providing vital and currently lacking welfare, social, cultural and educational services – the Byron Community Hub.

The consultation process has been thorough over an 18 month period, taking into consideration the views of local organisations, members of the community, potential occupants and all political parties. The community and political support for the proposal is unanimous and unparalleled.

This proposal identifies the need for such a facility and the economic and social impacts that it would deliver. It addresses the sustainability of the project, describes the operating and financial models that have been developed, potential risks and strategies to mitigate these.

The proposal presents an innovative test case as, in essence, the Byron Bay community will be recycling an existing building, making only cosmetic changes, for the greater good of the town.

As is outlined, by virtue of the structure of the rental program, commercially viable businesses will help to fund community services that would otherwise struggle to exist in the business hub of Byron Bay. In this unique not-for-profit model, both community and commerce intertwine to create a financially regenerative project that benefits the very fabric of Byron Bay.

Should the project be successful it will provide the NSW Government with an outstanding case study for other similar opportunities.

Proposal for the Byron Community Hub

In summary:

- NSW Government retains the Byron Bay Hospital asset
- A \$2.5m reparation project is funded by NSW Government (+\$200,000 site remediation)
- The asset is re-purposed to provide office and open space for the provision of welfare, health, education and cultural services to the Byron Bay community in a 40 year lease agreement (or longer if possible) on a peppercorn rent with the option to purchase at market value at any time during the lease
- Byron Shire Council is appointed as lessee / trustee on behalf of the Byron Community subject to conditions agreed upon by both parties, and is responsible for overseeing a facilities team to manage and maintain the facility, its tenants and its relationship with the community
- Affordable (below market) rental is offered to organisations representing the welfare, health, education and cultural sectors to create a vibrant community hub of complimentary offerings

- Rents are structured in 3 tiers – Tier 1 highest being for commercial organisations with Tier 3 being zero cost space for community projects
- Following a transition period to full occupancy, any surplus income from the facility will be invested back in to community welfare programs addressing homelessness, women's refuge services and social projects.

Outcome

By accepting this proposal and for minimal investment, the NSW Government would retain this valuable asset in its portfolio, along with the associated capital growth and have the building expertly managed by Byron Shire Council

AND

Facilitate improved social support to vulnerable Byron Bay residents, afford the further development of the arts and education sector in Byron Bay and preserve this historical asset for the benefit of the community. This would greatly enhance the NSW Government reputation in regional areas and provide a compelling case study for the repurposing of surplus government assets to deliver economic and social outcomes for regional communities.

BACKGROUND

Demonstrated Need

High demand and limited supply of property in Byron Bay has led to unprecedented costs for commercial property – estimated to be higher than anywhere else in regional Australia averaging \$800 - \$1200 per sqm. The result – only exceptionally profitable commercial businesses (vertically integrated national franchises rather than local businesses) can operate in the town and vital community services including health, welfare and crisis response, are not available because of the prohibitive costs. This has significant impact on the vulnerable and disadvantaged as well as the resilience and cohesion of the whole community.

Meanwhile, Byron Bay is recognised as Australia's leading creative hotspot (ABC news May 2018) and is the regional event capital of Australia, hosting over 75 events per year attracting over 360,000 attendees. The creative industries that have thrived in Byron Bay are now under threat by crippling rent and an overrun of retail and tourism. The Byron Bay Community Hub would see arts entities and events co-exist and create a unique opportunity for the organisations to potentially work together and maximise their synergies.

Similarly, educational institutions have struggled to find a home in Byron Bay and students seeking tertiary education need to travel a minimum of 45 minutes outside the Shire to access education services such as University and TAFE. The creative industries, for which the area is known and celebrated, are becoming unviable and valuable jobs are being lost in this sector.

The Byron Bay Hospital, recently decommissioned in favour of a new site, is a valuable community asset with a long and meaningful history in the town. Opened in 1952 by a Community Board of Directors after persistent lobbying, two hugely supported charitable organisations were formed to raise funds for vital equipment and support staff and patients with volunteering services. The

hospital's growth and reputation for its non clinical "vibe" was underpinned by community support – it attracted and it became famous for innovative birthing techniques. On many occasions, the community has rallied to "save" the hospital – symbolic of the ongoing passion of the Byron Bay community which is evident again, through this proposal.

The building itself, with some reparations, is serviceable and could provide basic, affordable accommodation to those organisations currently "frozen out" of Byron Bay, along with the vital services they offer.

Consultation

The Steering Committee promoted the proposal through local media to garner community input and support [Byron Shire News, The Echo, Northern Star, Bay FM] and made direct contact with more than 100 local citizens to gauge interest. The proposal has been well received and is strongly supported by the whole Byron Bay community.

Following on from these discussions, the Committee went on to research the proposition with a wide range of stakeholders in the Byron Shire to understand its viability, the risks and community appetite and gauge the support of potential tenants.

The project has attracted considerable interest from a wide range of prominent organisations wishing to deliver services to the Byron Bay community from a local base. This is in addition to a plethora of requests from smaller, locally-based community organisations who are crippled by existing market rates or are unable to deliver services from Byron Bay.

Arts Northern Rivers - "I receive constant feedback from artists and cultural organisations that site access to affordable, accessible space is a key challenge." Peter Wood, Executive Director.

The Buttery - "The recent massive rent hike is putting our presence in Byron at risk and has affected our service delivery. As a not for profit organisation, we can no longer afford the ever-rising commercial rent prices in Byron Bay without sacrificing our services. Co-locating with other services at the old hospital site would allow us to spend our funding where it is meant to go – on helping people overcome drug and alcohol addictions and become responsible citizens." Krystian Gruft, Manager. (The Buttery delivered 2,000 on-the-street services in Byron Bay last year).

Feros Care - "Commercial premises in Byron are simply unaffordable and out of reach for community and social enterprises, prohibiting us to establish a local presence to provide much needed support and services to the local population." Jennene Buckley, CEO.

Don Page, former Member for Ballina, Minister for Local Government – "When the Byron Hospital was originally built, the intention was always that the building would be returned to the community who created it."

Appendix E includes letters of occupancy intent from:

Peak Regional Organisations	<ul style="list-style-type: none">• Southern Cross University• Feros Care• Social Futures• NSW TAFE
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Community Service Providers	<ul style="list-style-type: none"> • Byron Community Centre • Liberation Larder
Local and Regional Creative Industry Organisations	<ul style="list-style-type: none"> • Byron Writers Centre • Arts Northern Rivers • Northern Rivers Performing Arts • Screenworks • Bay FM

Additional project partners and supporters, include:

- Byron Shire Council
- Byron Bay Chamber of Commerce
- Byron Masterplan Guidance Group
- Local Media – Echo, Byron Shire News, Bay FM, ABC North Coast
- Country Women's Association
- NSW Health
- Arts NSW

Public support

The repurposing of the old Byron Hospital site into the Byron Community Hub has been discussed at length across a wide range of community forums, including:

- An initial 'concept' meeting with around 80 attendees
- 15 Steering Committee meetings
- Hundreds of meetings with interested individuals and small groups

The only community concerns raised related to the co-location of welfare services with creative, educational and Tier 1 commercial institutions and the potential for conflicting uses on the site. These concerns have been addressed through the design in which precincts are well separated with multiple access points (see Appendix A for architectural plans). The welfare services also have the opportunity to use the space as a base and provide outreach programs throughout the town centre, not necessarily from the site itself.

The Steering Committee have received over 75 Letters of Support for this project. A list of supporters and a sample of these letters are provided at Appendix E.

OPERATING MODEL

In designing an operating and financial model for the facility, the proposal has considered the outcomes required by all key stakeholders ie NSW Government, The Facility Trust, The Shire Council, service providers (tenants), recipients of the services and the local community. In particular, they have been developed to ensure the long term viability of the project and the identification and mitigation of any risks to this.

Governance

NSW Health appoints Byron Shire Council as lessee / trustee for the old Byron Hospital site.

Role of Byron Shire Council

- Custodian of the asset
- Appoint and oversee a management committee

Role of Management Committee

- Reports to the Council as Lessee or Trustee
- Provides Strategic oversight into the management of the facility
- Appoints and supervises a Facility Management Team

Role of Facility Management Team

- Operations Management / Administration
- Financial Management and reporting
- Management of leases, tenants, tenant mix and occupancy
- Building Maintenance
- Safety and Risk
- Communications / PR
- Community Engagement including facilitation of a [PROJECT] Community Advisory Group

Role of [PROJECT] Community Advisory Group

- Community Engagement
- Consultation and feedback
- Continuous improvement

Financial

It is important to note an estimated 12 month establishment period before the building is fully functional and with full occupation. Building advice has also indicated that due to the age of the building, significant sections will need to be replaced entirely over the coming 10 years. As such, a sinking fund will be established to cover repairs, replacement and maintenance.

The overall objective is that the facility charges discounted rents to two tiers of service provider, facilitating the services of a third tier of occupant offering vital services but without income.

The proposal is to manage the blend of tenants so that the facility generates a modest income, which is distributed back to tenant service providers on a merit basis as well as used to fund community projects.

To achieve this, the following model is proposed:

Restoration Costs

Inspection of the site with NSW Health, Properties NSW and prospective tenants have been conducted. \$2.5 million is sought from NSW Government to restore the building to a basic safe standard and fit for purpose. Indicative costs are as follows:

Preliminary Works	\$102,040
Termite Control	\$12,500
Building	\$657,500
Plumbing	\$255,000
Electrical	\$265,000
Painting	\$210,000
Landscaping	\$77,840
Provisional	\$1,000,000
TOTAL	\$2,579,880 + GST

(+ \$200,000 site remediation as per Property NSW site assessment – see Appendix D).

A full breakdown of building reparation costs is provided at Appendix B.

Rental Cost

NSW Government will charge peppercorn rent for the use of the facility.

Maintenance

Maintenance Costs will be covered in rental income and paid by Byron Shire Council. A sinking fund will be established for repairs, replacement and maintenance.

Tenants will be responsible for fit out and make good costs.

Rental Income

Rents will be structured in 3 Tiers

Tier 1 will apply to tenants providing commercial services in the identified sectors. Rent is set at \$500 per sq m (50% below market)

Tier 2 will apply to tenants that have limited resources but provide essential services and is set at \$250 per sq m (75% below market)

Tier 3 are for tenants that do not have the ability to pay rent but are viewed as an essential asset to the community. Zero rent is offered to these tenants, subsidised by income from higher tiers.

At the above rates, the Byron Community Hub would cover its annual operational costs, including management and building maintenance, and reinvest back in to community service delivery. An indicative financial model is outlined below. See Appendix C for more detailed financial projections and assumptions.

Hospital Site

Rent Tiers	Rate/m2	Area-m2	Total Rent
Tier 1	\$500	850	\$425,000
Tier 2	\$250	700	\$175,000
Tier 3	\$0	250	\$0
Total	\$0	1,800	\$600,000

Assumptions

Gross Floor Area (m2):	2,500
Net Lettable Area (NLA) as a % (m2):	72%
Total Area to rent (m2):	1,800
Annual Holding and Maintenance Cost per m2 of GFA:	\$150

Annual Breakdown

Revenue	\$600,000
Holding and Maintenance Cost	\$375,000
Distributions	\$225,000

Distributions

	Monthly
Health	\$25,000
Community	\$85,000
Education	\$25,000
Arts Precinct	\$90,000
Total	\$225,000

RISKS AND MITIGATION

The Steering Committee has evaluated the considerations for the State government in its acceptance of the proposal and the risks to the project itself.

State Government Considerations

1. Forfeit of immediate liquidation of surplus asset and associated capital gain

Community Response:

The asset will remain in State Government portfolio and continue to appreciate in value. The project includes the restoration and ongoing maintenance of the building. At the end of the proposed lease, the asset will be well maintained and be a proven and viable leasable space still in the possession of the NSW Government.

2. Project needs to be well supported by local community and government

Community Response:

The Byron Bay community has a historical deep connection with the Byron Hospital and it's evident that this is still the case in the feedback the Steering Committee has received. The proposal has been promoted through local media and community forums as well as directly communicated to key stakeholders. There is universal support for the project, and all key political parties are collaborating as part of the Steering Committee. The NSW Government's standing in Byron Shire would be greatly enhanced through its support of this project.

3. Project needs to be a long-term, viable operation

Community Response:

The Steering Committee comprises of a number of local business and property experts who have undertaken:

- a comprehensive property inspection, jointly with prospective tenants and members of NSW Health and NSW Property to understand the costs of basic reparation
- architectural sketch designs to accurately cost four operable precincts with appropriately discrete access points
- significant financial modelling to calculate operating costs and rental income based on a 3 tier rental structure using conservative occupancy and rent per sqm
- research into the forecast demand for rental space in Byron Bay
- an approach to potential tenants resulting in letters of intent from organizations representing all three tiers of tenant including Southern Cross University, TAFE, Feros Care

The Committee's analysis concludes that the \$2.5m requested will be sufficient for the complete reparation of the asset to operating condition, assuming the site is remediated by the NSW Government for commercial use (cost estimate \$200,000). The financial projections confirm the ongoing viability of the site over the period of the lease. The Committee is confident in assuring the NSW State Government of the ongoing viability of the asset.

Project Risks

RISKS TO PROJECT	RISK RATING	MITIGATION STRATEGY
Project is financially unviable – undesirable skew of tenant mix	Low –property demand in Byron town centre is high therefore we are confident in attracting Tier 1 tenants. Letters of support demonstrate the appetite for and commitment to this project.	<p>The facility manager will develop a wait list to ensure full occupancy of the space. He / She will also be responsible for the promotion and marketing of the Byron Community Hub and if necessary could expand the target area to attract organisations from outside the Shire.</p> <p>A KPI for the facility manager is to ensure the right tenant mix to generate revenue targets.</p>
Project is financially unviable –costs to make the building operational exceed estimates	Low – extensive due diligence has been undertaken including detailed site surveys.	<p>The cost of reparations have been conducted by industry experts and kept deliberately conservative – the intention is to merely make the site functional.</p> <p>Tenants will be responsible for the fit-out and make good costs.</p> <p>Community fundraising to cover any unlikely shortfall.</p>
Community backlash – community is not fully supportive of the proposal	Low –project has been highly publicized and community support for concept has been overwhelming. There has been unilateral support from all political parties.	<p>Develop communication and engagement strategy to ensure community are informed, consulted and supportive of project.</p> <p>The community has the opportunity to be involved in the project through social enterprise, use of communal spaces etc.</p>
Ineffective management by facility manager and/or managing committee	Low	<p>Appropriately qualified personnel would be recruited and appointed by Byron Shire Council through a rigorous, transparent and open process.</p> <p>Contracts would include a service level agreement and clear contractual obligations with penalties/consequences for non-delivery.</p>

PROJECT IMPACTS

Economic

There is a need for Byron Shire to attract industries which can provide career focused jobs that are not tied to tourism. While tourism provides a strong economic pillar in the region, most of the jobs tend to be lower value and part time or casual, which leads to low incomes in the area.

There is a need for projects that can diversify the economic base as well as support sustainable economic growth and assist in the generation of high value jobs for the local area, driving the local economy.

This project targets the growth of strategic industries, such as Education and Health Care, that create long-term, high value employment opportunities within the local community.

Conservative assumptions show that the project will directly create over 20 full time equivalent jobs. The combined effect of economic multipliers in the Byron Shire and the wider Australian economy estimates an additional 21 full time equivalent jobs being created as a result of the \$2.5 million reparation works alone (Source: National Institute of Economic and Industry Research).

This project provides an incentive and an opportunity for more diverse employers to locate in the area and address the economic volatility of the Shire. The employment opportunities created by this project are not subject to seasonal cycles and are largely full time in nature.

Social

Currently, service providers are forced to operate in more affordable locations outside of Byron Bay. This means that the most disadvantaged Byron residents and those that are most in need of such services face significant barriers in accessing them. These barriers include distance, travel costs and lack of public transport.

Without access to the vital services that improve the independence of an individual, research shows that their social, physical and emotional challenges compound and they become even more reliant on welfare.

The project will bring these vital community services to the heart of Byron Bay, improving social cohesion and connectivity.

By co-locating service providers in a centralised 'hub', recipients of a single service will receive exposure to the wrap-around services such as health and education, with the potential to accelerate their independence.

CONCLUSION

By accepting this proposal and for minimal investment, the NSW Government would retain this valuable asset in its portfolio, along with the associated capital growth and have the building expertly managed by Byron Shire Council

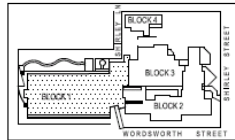
AND

Facilitate improved social support to vulnerable Byron Bay residents, afford the further development of the arts and education sector in Byron Bay and preserve this historical asset for the benefit of the community. This would greatly enhance the NSW Government reputation in regional areas and provide a compelling case study for the repurposing of surplus government assets to deliver economic and social outcomes for the local community.

Appendix A – Architectural Drawings of Byron Hospital Site

OLD BYRON HOSPITAL BUILDING PLAN

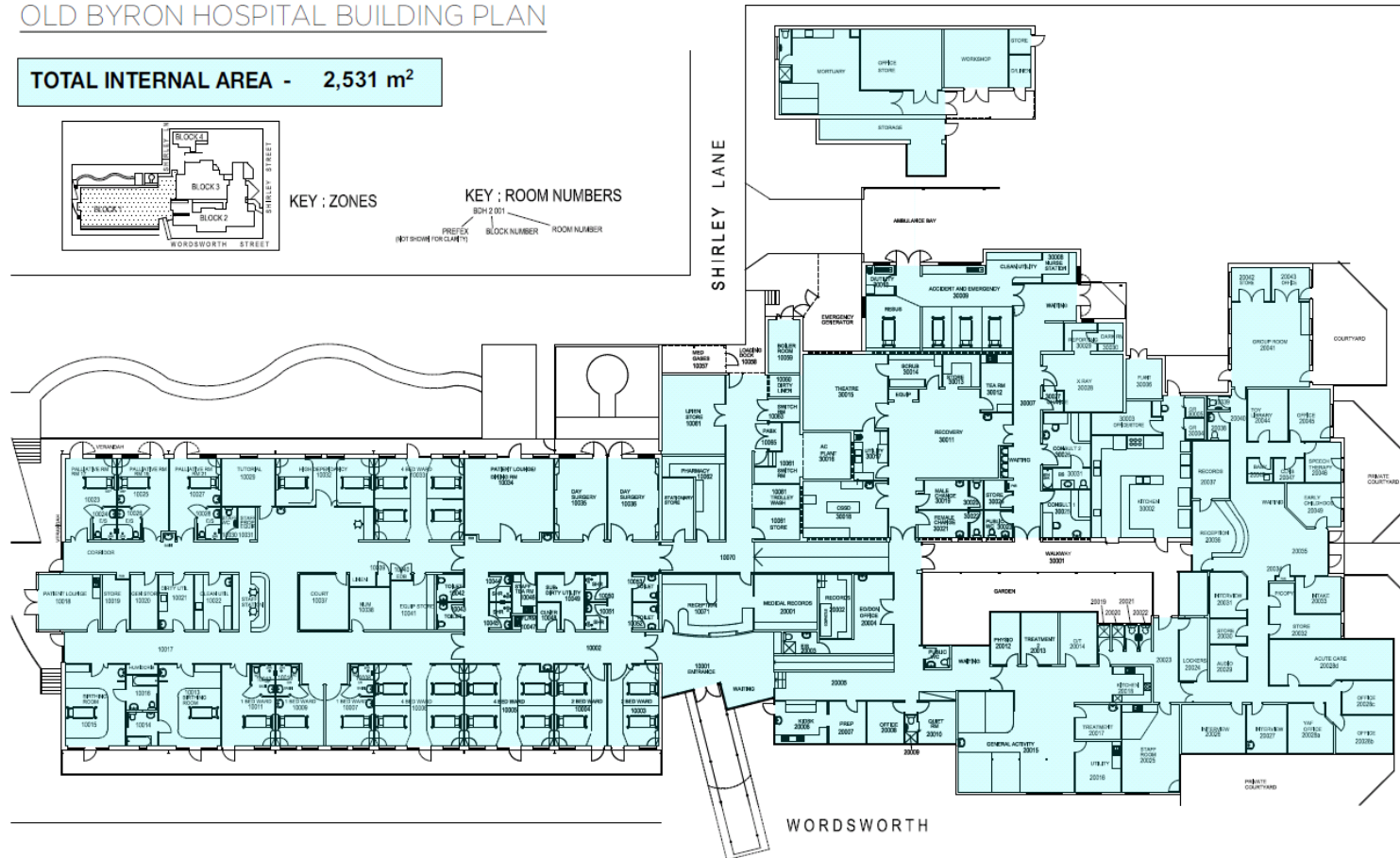
TOTAL INTERNAL AREA - 2,531 m²



KEY : ZONES

KEY : ROOM NUMBERS

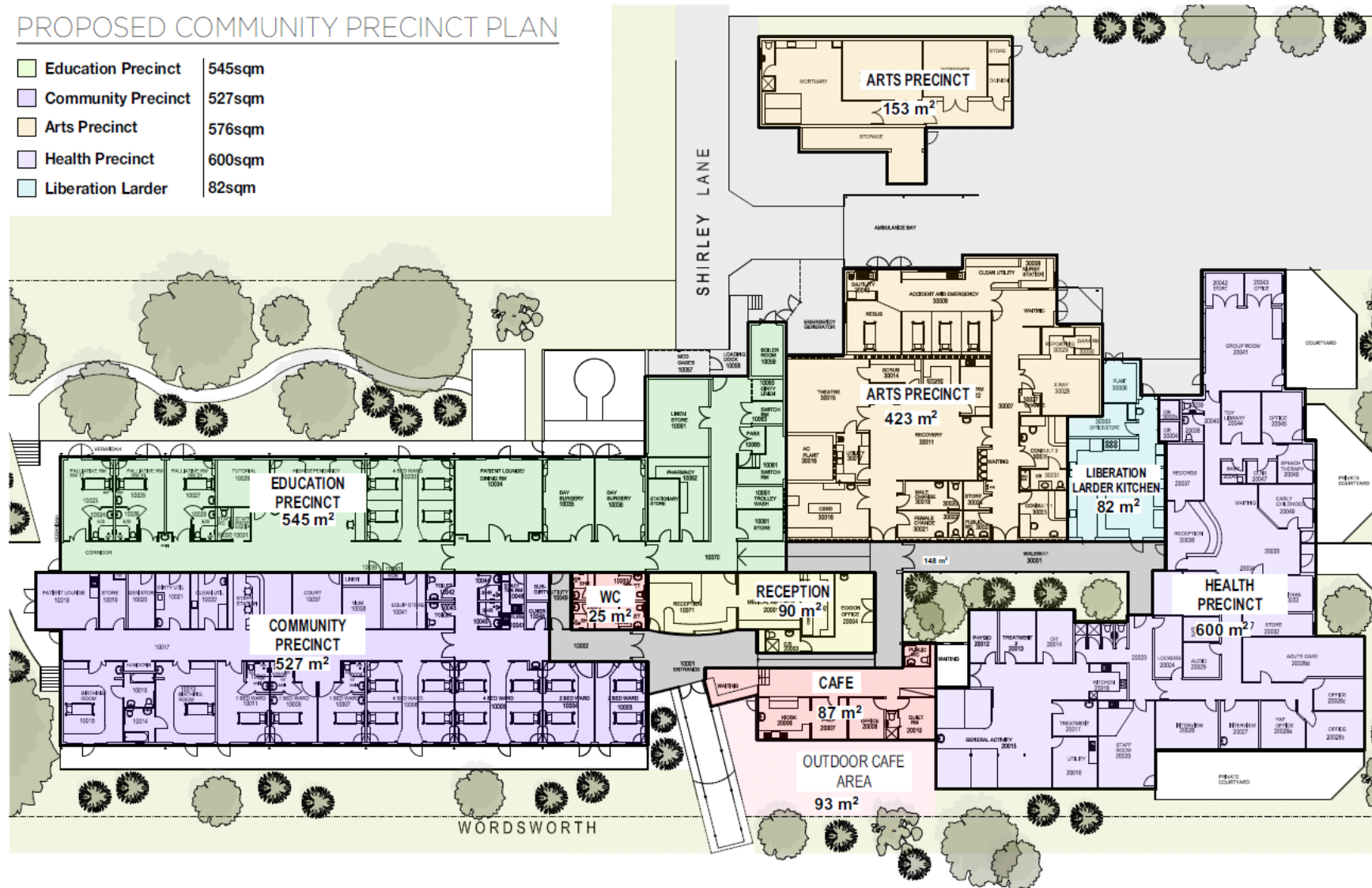
ROOM 2 101
PREFIX
(NOT SHOWN FOR CLARITY)
BLOCK NUMBER
ROOM NUMBER



HARLEY GRAHAM ARCHITECTS 1/144 JOHNSON ST, BYRON BAY PO BOX 1285 NSW 2481 P: 02 66808600 T: 02 66808600 E: o@g.harleygraham.com ABN: 65165440033 NSW 7862	ISSUE/REVISIONS A CIBS ZONING SUBMISSION 19.06.18		ISSUE/REVISIONS PRELIMINARY DESIGN ONLY NOT FOR CONSTRUCTION		CLIENT BYRON BAY COMMUNITY ADDRESS 10 Shirley St, Byron Bay NSW 2481 APPROVED: HG JOB NO: HGA213
	JOR NAME BYRON DISTRICT HOSPITAL SITE LOT + DP LOT 38 D.P. SCALE PAPER ISSUED OWD REV		DRAWING OLD BYRON HOSPITAL SITE EXIST 1:500 A3		

PROPOSED COMMUNITY PRECINCT PLAN

Education Precinct	545sqm
Community Precinct	527sqm
Arts Precinct	576sqm
Health Precinct	600sqm
Liberation Larder	82sqm



<div>HARLEY GRAHAM ARCHITECTS</div> <div>1/144 JONSON ST, BYRON BAY PO BOX 1285 NSW 2481</div> <div>F: 02 66809600 T: 02 66809690 E: office@harleygraham.com</div> <div>ABN: 85 158248003 NSW 7362</div>	<div>ISSUE/REVISIONS</div> <div>A OHS ZONING SUBMISSION 19/08/18</div>		<div>ISSUE/REVISIONS</div> <div>PRELIMINARY DESIGN ONLY NOT FOR CONSTRUCTION</div>		CLIENT	BYRON BAY COMMUNITY	ADDRESS	10 Shirley St, Byron Bay NSW 2481	APPROVED: HG	JOB NO: HGA213	
					JOB NAME	BYRON DISTRICT HOSPITAL SITE	LOT + DP	LOT 36 D.P.	SCALE	PAPER	
					DRAWING	OLD BYRON HOSPITAL SITE PROPOSED				1:250	A3

Appendix B – Cost Estimates for Building Reparation

Budget for Old Hospital Site					
Project: Byron Bay Hospital Site					
Address: 10 Shirley Street, Byron Bay					
Details: Renovation and Update					
Date: 10.06.2018					
Revision: 1					
Item	Number	Rate	Subtotal	Budget Total	Notes
Preliminaries					
Skip Bins			\$8,800.00		
Site Fencing			\$6,600.00		
			\$400.00		Delivery and pick up
Surveyor			\$3,200.00		
Site Toilet			\$6,240.00		3 site toilets
			\$500.00		Delivery and pick up
			\$3,900.00		Pump outs
Site Office			\$3,900.00		
			\$500.00		Delivery and pick up
Hire Equipment			\$20,000.00		
Edge Protection			\$8,000.00		
Scaffold			\$40,000.00		
				\$102,040.00	
Excavation and Fill					
Site scrape and clean			\$5,600.00		
Clear out green waste			\$5,600.00		
Tidy up entry driveways			\$4,480.00		
Excavate for outdoor area			\$3,360.00		
Tip fees			\$15,000.00		
Trucks			\$8,800.00		
				\$42,840.00	
Plumber					
Repairs and maintenance					
Check all stormwater and sewer services					
All plumbing to be checked it is up to code					
Reinstate hot water services					
				\$165,000.00	
Termite Control					
Reticulation piping					
Spray to under slab areas					
				\$12,500.00	
Concrete					
New outdoor area					

				\$35,000.00	
Brickwork					
Patching where required around new doors and windows					
General maintenance works to walls					
				\$20,000.00	
Structural Steel					
Repairs and maintenance					
Commercial kitchen works					
				\$32,000.00	
Carpentry					
General repairs					
New fix out where required					
Windows and doors installed					
Repair damaged materials					
New café area framed and fixed					
Overall site maintenance				\$185,000.00	
Waterproofing					
Make sure all internal and external waterproofing is to AS and in working order					
				\$10,500.00	
Roofing					
Roof cleaning					
Repair old gutters					
New gutterguard					
Insulation					
General roof repairs					
				\$90,000.00	
Windows and Doors					
Aluminium doors for outdoor area					
Existing window updates and check all rollers and locks					
Flyscreens					
				\$35,000.00	
Electrical					
Remove existing decommissioned electrical services					
Update electrical services to AS and working					
New lights and switches where required					
				\$265,000.00	
Painting					
General painting internally					
General painting externally					
Patching where required					
Painting of new works					
				\$210,000.00	
Tiling					
Kitchen and café splashbacks					

Bathroom repairs where required					
				\$32,000.00	
Materials					
New internal doors where required and locks					
Framing for new café area					
Fix-out patched					
General maintenance materials					
Hardware					
				\$105,000.00	
Joinery					
Café kitchen			70,000.00		
New entry and desk areas			50,000.00		
General cabinetry repairs			40,000.00		
Storage cupboards			30,000.00		
				\$190,000.00	
Provisional Sums					
Hot water system upgrade and working			\$45,000.00		
Appliances for kitchen			\$65,000.00		
Fences			\$60,000.00		
Air conditioning			\$200,000.00		
Driveway			\$70,000.00		
Landscaping and external works			\$250,000.00		
Floor coverings			\$70,000.00		
Contamination			\$40,000.00		
Solar Power			\$200,000.00		
				\$1,000,000.00	
Plasterboard					
Patching where required					
Sheeting of new works					
Making sure all walls are to fire regulations if required					
Wet areas villa board and WR ceilings					
Patching where required					
				\$48,000.00	
Sub total Excluding GST				\$2,579,880.00	
GST			0.10	\$257,988.00	
GRAND TOTAL				\$2,837,868.00	

Appendix C – Hospital Site Financial Modelling

Hospital Site

Rent Tiers	Rate/m2	Area-m2	Total Rent
Tier 1	\$500	850	\$425,000
Tier 2	\$250	700	\$175,000
Tier 3	\$0	250	\$0
Total	\$0	1,800	\$600,000

Assumptions

Gross Floor Area (m2):	2,500
Net Lettable Area (NLA) as a % (m2):	72%
Total Area to rent (m2):	1,800
Annual Holding and Maintenance Cost per m2 of GFA:	\$150

Annual Breakdown

Revenue	\$600,000
Holding and Maintenance Cost	\$375,000
Distributions	\$225,000

Distributions	Monthly
Health	\$25,000
Community	\$85,000
Education	\$25,000
Arts Precinct	\$90,000
Total	\$225,000

Notes

1. The tenants are crucial. Essentially the proposal should target services that the community needs in close proximity to town but have been pushed out due the asset price inflation and flow on rent increases. The rent these services are charged should not be a market rent which facilitates the argument that this site is kept in community hands for the community in perpetuity. To that end we propose to split the rent charged into 3 tiers. Tier 1 will apply to tenants that have the ability to pay a small discount to market rent but need access to the Byron Bay CBD. Tier 2 will apply to tenants who can afford to pay rent but only at a substantial discount to market rent. Tier 3 are for tenants that do not have the ability to pay rent but are viewed as an essential asset to the community.
2. This analysis looks at potentially 10 tenants and placed them into precincts and further categorises them into rent tiers. A Byron Bay Museum is just one example of a community asset that this proposal could fund. See attached table on a possible split between precincts.
3. The Annual Holding and Maintenance Costs include labour, maintenance, services and statutory charges. The cost has been calculated on the basis of a cost per square metre of the Gross Floor Area (GFA) of the site.

Tenant Details					
Tenants	Precinct	Rent Tier	Area-m2	Rent/m2	Rent
Tenant A	Education	Tier 1	600	\$500	\$300,000
Tenant B	Health	Tier 1	150	\$500	\$75,000
Tenant C	Community	Tier 2	150	\$250	\$37,500
Tenant D	Education	Tier 1	100	\$500	\$50,000
Tenant E	Health	Tier 3	50	\$0	\$0
Tenant F	Arts	Tier 2	130	\$250	\$32,500
Tenant G	Arts	Tier 2	70	\$250	\$17,500
Tenant H	Arts	Tier 2	150	\$250	\$37,500
Tenant I	Community	Tier 3	200	\$0	\$0
Tenant J	Community	Tier 2	200	\$250	\$50,000
Total:			1,800		\$600,000

Tenant Details		Precincts - Rental Space - m2			
Tenants		Education	Arts	Health	Community
Tenant A		600			
Tenant B				150	
Tenant C					150
Tenant D		100			
Tenant E				50	
Tenant F			130		
Tenant G			70		
Tenant H			150		
Tenant I					200
Tenant J					200
Total:		700	350	200	550

Tenant Details		Precincts - Annual Rent			
Tenants		Education	Arts	Health	Community
Tenant A		\$300,000			
Tenant B				\$75,000	
Tenant C					\$37,500
Tenant D		\$50,000			
Tenant E				\$0	
Tenant F			\$32,500		
Tenant G			\$17,500		
Tenant H			\$37,500		
Tenant I					\$0
Tenant J					\$50,000
Total:		\$350,000	\$87,500	\$75,000	\$87,500

Appendix D – Property NSW Remediation Options for Byron Hospital



Former Byron District Hospital Site Remediation Options

Shirley Street, Byron Bay, NSW



Property
NSW



Health

CONFIDENTIAL

17 May 2018

CONFIDENTIAL

Disclaimer



The purpose of this report is to provide high level advice to NSW Health about the remediation options for the former Byron District Hospital site. The initial range of options are provided for preliminary guidance only and are based on high level construction, land yield and dollar land value estimates. Detailed due diligence with full planning and legal review, valuations, specialist consultant reports and feasibility modelling may be required at later stages should the property options be pursued further.

The contents of this report are confidential and that any information provided is provided in good faith, without prejudice and may not be distributed without the prior approval of Property NSW.

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Introduction

In October 2016, NSW Health engaged Property NSW to manage the divestment of 10-12 Shirley Street, Byron Bay.

Property NSW has conducted a comprehensive site audit of the former Byron District Hospital site (the Site) to determine the extent of the contamination, remediation costs and risks.

This report provides relevant information and high level analysis of potential site remediation options for the Site.



Former Byron District Hospital Site

Site Audit & Environmental Assessment

In July 2017, Property NSW engaged Coffey Environments to conduct a preliminary Environmental Assessment of the site. The assessment sought to more clearly define areas of the site containing radioactive sandfill, as noted in Council record systems.

The Coffey assessment identified five areas where Naturally Occurring Radioactive Material (NORM) was present at the site (Figure 1). The areas of environmental concern are within the footprint of the old (constructed circa 1975) hospital buildings.

In addition to the NORM, Coffey identified several other areas of environmental concern. These are:

- asbestos debris within surface soil
- potential soil or groundwater impact from spills or leaks of petroleum hydrocarbons and sterilisation fluids stored on site

Based on the findings and recommendations of Coffey's assessment, Property NSW engaged a NSW EPA accredited site auditor (Mark Stuckey of Environmental Earth Sciences) to review the assessment and advise on works required to remediate the site to a level suitable for residential use.

Additional assessment works and the development of a Remediation Action Plan (RAP) is being undertaken by Epic Environmental.

The NSW EPA Auditor is actively involved in ensuring the works undertaken by Epic Environmental are completed to a suitable standard.



Figure 1 - 10-12 Shirley Street – areas of elevated radioactivity (above background levels) highlighted in yellow

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NSW



Health

Remediation Options

Option 1 - Make the site suitable for low density residential

Option	Remediate the site for low density residential purposes
Process	<ul style="list-style-type: none">• Demolish existing site buildings• Remove asbestos fragments from the soils via emu pick or similar• Onsite blending of material containing elevated radioactive concentrations with other site soils• Dispose of asbestos impacted material at a regional landfill• Following remediation a site audit statement will be issued confirming that the site is suitable for low density residential use with no limitations.
Estimated Cost	\$2,000,000
Opportunities	<ul style="list-style-type: none">• Access to land from the Shirley Street and Wordsworth Street• Close vicinity to main roads, central business district• No rezoning required
Constraints	<ul style="list-style-type: none">• Public response to demolition of existing buildings and further redevelopment
Risk	Low

Remediation Options

Option 2 – Retain Existing Buildings for Commercial use

Option	Remediate the site for commercial/industrial uses
Process	<ul style="list-style-type: none"> • Capping of areas with elevated radioactive concentrations • Capping or removal of areas where asbestos materials are present • Rezoning of the site for commercial uses • Site audit statement will be issued confirming suitability of site for commercial/industrial uses, but will require ongoing compliance with environmental management plan (EMP)
Estimated Cost	\$200,000 (does not include costs for rezoning application)
Opportunities	<ul style="list-style-type: none"> • This option will not require demolition of the site buildings • Access to land from the Shirley Street and Wordsworth street • Close vicinity to main roads, central business district
Constraints	<ul style="list-style-type: none"> • Site will require an EMP and Section 149 certificate will include notation regarding EMP • Risk to government if site is sold with requirement to comply with EMP (i.e. future site users may not comply and could have reputational and financial risk to government) • Property not suitable for Residential Use under this Option
Risk	Moderate

Appendix E – Letters of support



28 June 2018

The Hon Brad Hazzard MP
Minister for Health
GPO Box 5341
SYDNEY NSW 2001

Dear Minister

Proposed repurposing of former Byron Hospital Site

Byron Shire Council is proud to support the community and partner with NSW Health to repurpose the former Byron Hospital site into the Byron Community Hub providing vital and currently lacking welfare, social, cultural and educational services.

The project presents an innovative test case for the use of surplus State Government assets as, in essence, the Byron Bay community will be recycling an existing building for the greater good of the town. The proposal enables the NSW Government to retain this valuable asset in its portfolio and have the building expertly managed by Byron Shire Council under a formalised lessee / trust governance structure.

Council is well placed to manage this project, with experience in delivering large and small infrastructure and community service projects. We have a strong track record in completing large capital projects, such as the development of the Cavanbah Centre in partnership with the Commonwealth Government in 2012 and major road restoration after landslips in 2013. Council's experience also extends to working collaboratively with community to provide services for vulnerable, disabled, arts, culture and youth programming.

The Byron Community Hub will facilitate improved social support to vulnerable Byron Bay residents, afford the further development of the arts and education sectors and preserve this historical asset for the benefit of the community.

Byron Shire Council stands ready to partner with NSW Health to deliver a unique, high quality project that has such clear economic and social benefits for the North Coast community and provides a compelling case study for successful partnerships state-wide.

Yours sincerely

Mark Arnold
General Manager



TRADITIONAL HOME OF
THE BUNDJALUNG PEOPLE

ALL COMMUNICATIONS TO BE
ADDRESSED TO THE GENERAL MANAGER
PO Box 219 Mullumbimby NSW 2482 (70-90 Station Street)
E: council@byron.nsw.gov.au
P: 02 6626 7000 F: 02 6684 3018
www.byron.nsw.gov.au ABN: 14 472 131 473

Monday, 25 June 2018**CONFIDENTIAL**

The Hon Brad Hazard
Minister for Health
NSW Government
22 June 2018

Councillor Simon Richardson
Mayor of Byron Shire
Byron Shire Council

Dear Mr Hazard and Mr Richardson,

RE: Proposed presence for Southern Cross University in Byron Bay

This letter describes the intent of Southern Cross University to establish a significant presence at the proposed precinct of the former Byron Bay Hospital. Southern Cross is deeply appreciative of the opportunity to work collaboratively with Byron Shire Council, the NSW Government and proposed precinct partners to create a flagship education and research destination in Byron Bay.

In order to establish a presence at the former Byron Bay Hospital site, Southern Cross would require a contained location with sufficient space to allow for a diversity of study, teaching and applied research activities.

As an indication, Southern Cross would consider a mix of activities for delivery at the proposed site which could include:

- Short courses that provide micro-credentials and focused skills development opportunities
- Engaged learning projects delivered by students that partner with organisations in the precinct and broader community to meet the needs of the Byron Shire
- Research activities that pursue a co-design and co-development approach focused on developing solutions to key issues for the Region
- Entrepreneurship and start-up development as a node of the Southern Cross Enterprise Lab network.
- An immersive HD5G digital learning showcase space.



Southern Cross University is prepared to take a long-term lease on the identified space to enable a stable operating environment for the precinct as an anchor tenant. The University will also leverage its extensive sector partnerships and contracts to enable a superlative experience for students and community members through the proposed site. This would include the connection of the proposed site to Australia's Academic and Research Network (AARNet) which would provide bandwidth speeds of up to 1GB and facilitate an unprecedented level of digital connectivity and associated learning experience for the Byron Shire and Region.

In order to facilitate this level of activation and use by Southern Cross University, the proposed location for lease would need to be fully refurbished, including the removal of internal walls to enable larger room sizes, safety and security infrastructure and other amenities consistent with a lease arrangement. Southern Cross acknowledges that furniture and equipment associated with our proposed use is the obligation of the University.

While there are many variables yet to be defined for the arrangement, Southern Cross would be willing to meet an appropriate lease cost arrangement. As an indication, we would be looking to a total space of greater than 1000 square metres to house our operations.

The University has a renewed focus on developing solutions to pressing regional and global challenges. By learning and researching locally, we are able to create solutions that have global relevance and impact.

At the same time, Southern Cross commits to apply leading edge design, innovation and sustainable impact as guiding principles for its planning and conception for the proposed site. Accordingly, the overarching focus on sustainability through the refurbishment and subsequent activation of the precinct is of paramount importance and a critical factor for the University.

We stand ready to commence our engagement and planning to ensure that what we do together in Byron Bay will be unique, exceptionally high quality and very relevant to the needs of the community.

Sincerely,

A handwritten signature in black ink, reading "Adam Shoemaker".

Professor Adam Shoemaker
Vice Chancellor
Southern Cross University

19 June 2018

Mark Arnold
A/ General Manager
BYRON SHIRE COUNCIL
PO Box 219, Mullumbimby NSW 2482

Dr Mr Arnold

TAFE NSW confirms its in principle support for Byron Shire Council's development of the surplus Byron Bay and Mullumbimby Hospital sites. TAFE NSW understands potential development of these sites will provide industry and other stakeholders with opportunities to capitalise on the locations of these assets and a variety of training and employment opportunities.

TAFE NSW is committed to designing and delivering high quality, fit for purpose educational programs to support growth in the Northern Rivers Region and Byron Shire. We therefore look forward to opportunities to train and develop personnel to support local industry and Byron Bay's future prosperity. TAFE NSW will work to support Byron Shire Council by leveraging and growing existing skills programs to meet needs across broad training markets, including but not limited to tourism, hospitality, retail, business, community services and creative industries. TAFE NSW prides itself on training job ready individuals who support local and national growth.

This letter of support is within the parameters of TAFE NSW conducting an economic and financial viability assessment of any potential property development within the surplus Byron Bay and Mullumbimby hospital sites. This assessment will provide TAFE NSW with an opportunity to assess potential property options which may align with planning for Byron Shire Council and the TAFE NSW Infrastructure Strategy currently in development.

Guiding principles for the TAFE NSW Infrastructure Strategy include alignment with government infrastructure and regional development strategies, embedding of training services within designated precincts and community facilities, partnering with organisations to share use of infrastructure and integration of training services within industry value chains to deliver efficient and sustainable industry outcomes. We envisage these principles are aligned to the goals of infrastructure development within the Byron Shire.

TAFE NSW looks forward to strategic opportunities with Byron Shire Council and its planning for growth in infrastructure and services. Should you require any further information re this letter of support, please do not hesitate to contact me or our Regional Strategic Planner, Regan Harding, on regan.harding@tafensw.edu.au or 0428 018 390.

Kind regards

A handwritten signature in black ink, appearing to read 'Susie George', written in a cursive style.

Susie George
Regional General Manager, North
TAFE NSW



20 June 2018

Re: Byron Hospital Site Submission

I write to provide Byron Community Centre's (BCC) full support for the decommissioned Byron Bay Hospital to be kept in the hands of the Byron Bay community. The proposed long term lease arrangement to provide vital welfare, arts, education and health services on the site is fully supported.

BCC hosts a range of functions for the most needy people in Byron Bay. Over the last 30 years the Centre has played a key role in establishing many local community programs.

It is clear to BCC that a very real need exists in Byron Bay for the facility proposed in the submission.

High land values and rental prices mean many community and cultural programs cannot have a presence in our town. This is a need that would be addressed by this proposal. The location of the site is ideal for the provision of a range of much needed programs and services.

BCC supports the NSW Government in allocating a lease for the management of the proposed facility to Byron Shire Council.

BCC is happy to be further involved in the ongoing management of the site, if it is decided this would be of assistance given our local history in managing a community and cultural facility.

I hope you look favorably on this project as I believe it would be very well received by our community and value add to the social, cultural and economic outcomes for the township of Byron Bay for many years to come.

Warm Regards

A handwritten signature in blue ink that reads "Paul Spooner".

Paul Spooner
General Manager

BYRON BAY COMMUNITY ASSOCIATION INC A B N : 6 9 6 2 7 3 6 5 1 8 0

69 JONSON STREET BYRON BAY PO BOX 309 BYRON BAYP: 02 6685 6807 F: 02 6685 7830

E: INFO@BYRONCENTRE.COM.AU W: BYRONCENTRE.COM.AU

Monday 4 June 2018

Chris Hanley
First National – Byron Bay
35 Fletcher Street
Byron Bay NSW 2481

Dear Chris,

I am writing this letter in support of the community proposal to preserve the building previously operated as Byron Bay Hospital, in a bid to accommodate much needed community services for the town.

The hospital site itself is of historic importance to Byron Bay, having been established, managed and developed over several decades by passionate residents of the town. It symbolises the strength of the local community, which has come together yet again, to save the hospital, in this new proposal.

The appeal of Byron Bay has led to unprecedented commercial and residential property costs and has become prohibitive for not-for-profit community services, creative arts, health and education organisations to operate in the town. Yet, these are services that are critical to the quality of life of local residents and to the town's culture and heritage.

As the Executive Director for Arts Northern River – the peak arts organisation for our region, I have a keen interest in supporting and enabling access to affordable cultural resources. I understand the approach being presented and believe that it is well intended, fully researched, and economically sustainable with strong support from the Council and all 3 political parties. This unilateral support itself demonstrates the role the hospital continues to play in uniting Byron Bay, supporting those who are disadvantaged and preserving its unique cultural and creative landscape.

From my organisation's perspective, it is imperative that the old Byron Bay Hospital site is retained by our community – too often we have seen the detrimental effects of community resources acquired by commercial interest. In my work across the Northern Rivers I receive consistent feedback from artists and cultural organisations that cite access to affordable, accessible space as a key challenge. For this reason I join with the community in full support of this enterprising proposal and ask that you agree to the conversion of the Byron Bay Hospital site for community use.

Yours sincerely



Peter Wood
Executive Director



8 Cemetery Rd,
Byron Bay. 2481
9 June 2018

The Hon. Gladys Berejiklian, MP
GPO Box 5341
SYDNEY NSW 2001

Re: former Byron Hospital Site

Dear Premier Berejiklian,

Byron Residents' Group is a non-affiliated group for local people who advocate for the interests of Byron Bay, its people and environment.

We are wholeheartedly in support of the former Byron Hospital site as a place for our community.

Byron is a place that welcomes 2 million people annually. Its attraction for many is the social environment that has been created by the people who live here. Some would call it the "vibe". There is a reason we have that vibe; it's the people here who create it.

Whilst we welcome tourism to Byron Bay, the resulting pressures of increased rental costs and higher property prices has meant that many groups and organisations that service local people are unable to maintain a presence in the Shire.

For Byron to maintain its pre-eminence as a destination that has personality and heart, we need a place for those services to call home.

Whether they are social and outreach services, community organisations, educational or environmental organisations, they are essential to the well being of the residents of Byron shire.

We as a community can work together to make the site a hub for this town and beyond.

Our organisation wholeheartedly supports the call for the former Byron Hospital site to be retained by the community. We hope that you will recognise its importance to the residents of the Shire.

Sincerely,

A handwritten signature in black ink, appearing to be "Cate Coorey", written over a horizontal line.

Cate Coorey

Byron Residents' Group.

Gladys Berejiklian MP

Premier of NSW

Dear Ms Berejiklian,

Feros Care is a community owned non-profit organisation that has been providing aged and community care services in the Byron Shire and Far North Coast of NSW for over 28 years. The beauty of Byron Bay has created significant local, nationally and internationally tourism which has had a detrimental impact on the affordability of housing care and social services for local residents.

Commercial premises are simply unaffordable and out of reach for community, non-profit and social enterprises, prohibiting organisations to establish a local presence to provide much needed support and services to the local population in the shire.

The old Byron Bay Hospital site is within the main township and is ideally located to become a community owned local asset to assist in building stronger and more liveable communities for all residents of the shire regardless of their age, disability and social need.

Our request is for you to support the application for the community to retain this building for the use of the Byron residents, enabling social and service organisations to establish a presence in the shire.

There is growing support for this initiative and I request that you also show your support in keeping this historical asset within the community rather than sold out to another tourist development.

Kind regards



Jennene Buckley

4th June 2018

Feros Care

Level 3, The Strand, 72-80 Marine Parade (Locked Bag 1) Coolangatta QLD 4225

Phone 07 5669 0555 • Fax 07 5536 7520 • Email advisors@feroscare.com.au

ABN 50 104 452 271

www.feroscare.com.au





TAMARA SMITH MP

MEMBER FOR BALLINA

Shop 1, 7 Moon Street, Ballina NSW 2478

T (02) 6686 7522 E ballina@parliament.nsw.gov.au W tamarasmith.org.au



Chris Hanley
Chair
Byron Master Plan Committee
BYRON BAY NSW 2482

01 June 2018

Dear Chris,

I am writing this letter in support of the community proposal to preserve the building previously operated as Byron Bay Hospital, in a bid to accommodate much needed community services for the town.

The hospital site itself is of historic importance to Byron Bay, having been established, managed and developed over several decades by passionate residents of the town. It symbolises the strength of the local community which has come together yet again, to save the hospital, in this new proposal.

The appeal of Byron Bay has led to unprecedented commercial and residential property costs and has become prohibitive for not-for-profit community services, creative arts, health and education organisations to operate in the town. Yet these services are critical to the quality of life of local residents and to the town's culture and heritage.

As the State Member for Ballina with an interest in its vibrant future, I understand the approach being presented and believe that it is well intended, fully researched, economically sustainable with strong support from the Council and all 3 political parties. This unilateral support itself demonstrates the role the hospital continues to play in uniting Byron Bay, supporting those who are disadvantaged and preserving its unique cultural and creative landscape.

From my perspective, it is imperative that the old Byron Bay Hospital site is retained by our community because it is a valuable community asset that needs to be retained in public ownership for the needs of the community.

I join with the community in full support of this enterprising proposal and ask that you agree to the conversion of the Byron Bay Hospital site for community use.

Yours sincerely

Tamara Smith MP
Member for Ballina

12 June 2018

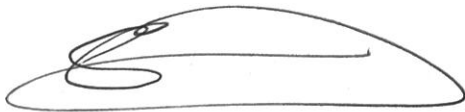
To whom it may concern

Re: Old Hospital Site – Byron Bay

We wish to express our interest in the above site should there be an opportunity for its development into a precinct offering services, amongst others, for the health and wellbeing of the local community.

We would be pleased to consider further information about the site as it becomes available. Any intent we may have would be subject to due diligence and the terms and conditions of any offer.

Yours sincerely



Steve Brierley
Chief Executive Officer
St Vincent's Private Hospital

Letters of support also received from the following:

- Adrienne Bucknole
- Anna and Tony McCabe
- Arts Factory
- Aslen Pugh
- Bay FM
- Beach Byron Bay
- Billy Marshall
- Brenda Irwin
- Brunswick Heads Progress Association
- Butler Street Community Network
- Byron Bay Film Festival
- Byron Bay Public School
- Byron Bay Weddings
- Byron Writers Centre
- Byron Writers Festival
- Cancer Council NSW
- Cathy Tobin
- Christine Dayman
- Country Womens Association
- Craig McGregor
- Creative Road
- Delvene Delaney
- Elements of Byron
- Ephraim Sella
- Ian Oelrichs
- J Guest
- Janene Jelfs
- Jill Eddington
- Jim Rogers
- John Hertzberg
- K Walmsley
- Keith Marshall
- Liberation Larder
- Lone Goat Gallery
- Lyn and Greg Plummer
- Lynda Dean
- Mary Gardner
- Northern Rivers Performing Arts
- Paul Irwin
- Peter Craitch
- Popped Creative
- Rhonda
- Ric Richardson
- Richard Trezise
- Rob Doolan
- Robert Drewe
- Russell Eldridge
- Rusty Miller
- Screenworks
- South Golden Beach Community Association
- Suffolk Park Progress Association
- Sybil Johnston
- The Book Room
- The Buttery
- Tom Vidal
- Tricia Shantz