

СВІЙ ДО СВОГО



Ukrainian International Directory

Ukrainian Community Issues Newsletter



СВІЙ ДО СВОГО Ukrainian Community Issues – No. 34, 16 February 2018

Association of Ukrainians in Victoria,
Stage 2, 3 – 11 Russell Street, Essendon

The Ukrainian Community Centre, Essendon

Members of the Association of Ukrainians (AUV) and the wider Ukrainian community have posed many questions on what are the options being considered by AUV on the issue of the Ukrainian Community Centre in Essendon. The lack of information or worse, silence, has led to a great deal of uncertainty and speculation.

Given the limited discussion and action on the future of the Ukrainian Community Centre, I am attempting to stimulate open and transparent dialogue and action before any thoughtless choice is made because of expediency, without consultation with the Ukrainian community.

This view is not only the authors view, others comments have been included in this Newsletter.

Options, include and are discussed in turn:

1. Refurbish 3 – 11 Russell Street, Essendon.
2. Search for new AUV home.
3. Relocate to another suburb.
4. Sell AUV Ukrainian Community Centre, 3 – 11 Russell Street, Essendon.
5. Stage 1 benefits, 13 – 21 Russell Street, Essendon.
6. Stage 2 development, 3 – 11 Russell Street, Essendon.
7. Stage 2 Expression of Interest, 3 – 11 Russell Street, Essendon
8. What can be achieve with this level of funding?

1. Refurbish 3 – 11 Russell Street, Essendon

It has been estimated that the indicative cost of the following levels of improvement to the premises to be:

- | | | |
|------|-------------|----------------|
| I. | \$200,000 | basic facelift |
| II. | \$400,000 | basic upgrade |
| III. | \$2,000,000 | refurbishment |

However, the following issues should be costed and evaluated:

- a. long term maintenance aspects
- b. possibility of over capitalising of an old building
- c. land is extremely valuable compared with the building itself; and
- d. restricted availability of funds to undertake these works/ improvements.

2. Search for a new AUV home

- a. Since 2013, whilst on the Building Committee, the late Oleh Bulka and I researched the option of finding another suitable facility that would suit the AUV current and future needs. We were unable to identify any such facility within a reasonable proximity of Essendon and surrounding suburbs.
- b. Over the past 12 months, I have searched for a potential suitable facility. Unfortunately, no premises remotely suited to the AUV's requirements could be found.
- c. The only possibility is to purchase land in a 'new growth area', as the land would be rather inexpensive compared with an 'inner city' location and build a new facility upon it. However, there may be drawbacks, such as lack of transport, infrastructure and distance from one end of the Metropolitan Area to the other end.

3. Relocate to another suburb

- a. Since 1962, the Ukrainian Community has utilised 3 – 11 Russell Street, Essendon as the Ukrainian Community Centre.
- b. The community could be said to have a cultural and emotional attachment to this location, and it is well known locally, nationally and internationally by the Ukrainian Community.
- c. Travel advantages to this site are:
 - i. Map location Melways Map 28 G4.
 - ii. 5-minute walking distance to Dnister, Ukrainian Credit Co-operative.
 - iii. 5-minute walking distance to the Ukrainian Orthodox Church.
 - iv. 6 km (15 min. by car) to the Ukrainian Catholic Church, North Melbourne.
 - v. 9 km (25 min by car) to Melbourne Central.
 - vi. 16 km (20 min. by car) to Kalyna Care.
 - vii. 15 km (20 min by car) to AUV St. Albans.
 - viii. 46 km (52 min by car) to AUV Noble Park.
 - ix. 80 km (67 min by car) to AUV Geelong.

[It can reasonably be said that a move to another location would disadvantage either AUV Geelong and / or AUV Noble Park Branches.](#)

- d. Other advantages of this site are:
 - i. Railway Station in the same street.
 - ii. Bus Interchange in the same street.
 - iii. Close to tram stops.
 - iv. Ample street parking and off-street parking on railway property.
 - v. Close to shopping, hotels, restaurants etc.

[It would be hard pressed to find a location with this level of transport and community infrastructure and accessibility to business and retail premises.](#)

e. Other Considerations

The AUV, needs to cater for everyone in the Ukrainian community.

In Australia we have:

- i. Our forefathers, who arrived in Australian as refugees 70 years ago who with courage and vision for the future of our community.
- ii. Children who arrived as teenager refugees with their parents who spoke Ukrainian fluently.
- iii. Those same young children who arrived as refugees who speak Ukrainian fluently attended Ukrainian School on Saturdays
- iv. Young children who arrived as refugees with their parents who could not attend Ukrainian School on Saturday because of distance and as a consequence not as fluent in the Ukrainian language.
- v. The original pioneers brought with them Christian faiths of Greek Catholic, Orthodox, Baptists etc.
- vi. Our 'pioneering' forefathers brought with them two main youth organisations of CYM and Plast.
- vii. The migration wave into Australia from Czechoslovakia, Bosnia, Croatia etc.
- viii. Recent years influx of migrants from Ukraine have joined our community for support and social cohesion.
 - a. There are those who speak Ukrainian and who speak Russian.
 - b. The AUV should strengthen its approach to embrace 'difference' to grow the Association for the benefit of future generations.
- ix. Children of our forefathers, who have some limited linguistic skills in the Ukrainian language, including Ukrainians of mixed marriages should be encouraged to assimilate to contribute to and share in Ukrainian culture and values to strengthen our community and the wider multi-cultural community of our respective neighbourhoods throughout Australia. **Failure to do so would likely substantially diminish our community.**

[In conclusion, the Ukrainian Community Centre in Russell Street, Essendon may not be the ideal location, however I believe moving elsewhere could well be to the AUV's disadvantage. for the reasons previously stated.](#) Ukrainians throughout our community should be consulted on the strengths and weaknesses and issues and opportunities on whether to stay at the current site or move to another location.

4. Sell AUV Ukrainian Community Centre, 3 – 11 Russell Street, Essendon

- a. Recently, the President of the AUV on SBS Radio stated that the expected sale price would range between \$5 – 7 million. It is imperative that members of the Association establish the origin of the value. Why? because it has NOT been raised at or even discussed with the Executive Committee of the AUV.
- b. Obtaining a valuation from Real Estate Agents, is NOT appropriate as they do not have the expertise, as such they are NOT registered as a 'Licensed' Real Estate Valuers to make sworn valuations. It is illegal for a Real Estate Agent to provide any form of assessment that purports to be a valuation.

- c. Based on previous Real Estate Valuers sworn valuations over the years, indicate that 3-11 Russell Street, Essendon has grown exponentially in value at a staggering rate. The past 10 years has experienced an increase in value of 400% as compared with the average in outer suburbs of 100%, over the same period.
- d. Based on the above comments, in all probability the current valuation of the site would be in the order of \$10 – 12 million or thereabouts as valuations are usually conservative.
- e. The best indicator is that Stage 1 (13 – 21 Russell Street, Essendon) development [from publicly available information] the Dutiable Land Value (Site Value) of the 9-storey development (residential apartments only) is actually \$13.725 million.
 - i. This figure does not include the entire 'street level floor area' and the '3-level carpark' acquired by the developer; the estimated Dutiable Land Value to be at least \$3 - 4 million.
 - ii. This would make the total Dutiable Land Value in the order of \$17 million. This is in all probability the more accurate value of the land.

Having regard to the above Dutiable Land Value, a negotiated value in the order of \$13 - 15 million would be more acceptable, alternatively a straight-out sale, the AUV should not consider less than \$13 million.

5. Stage 1 development, benefits, 13 – 21 Russell Street, Essendon

- a. In 2013, whilst on the Building Committee, I provided professional 'Quantity Surveyor' advice to the Committee on Stage 1. That advice was that the AUV should seek in the order of \$10 million, plus \$1 million for every floor above the 6-level development that the VCAT had approved and a development.
- b. In 2015, a Contract was signed between AUV and DevCo.
- c. The agreed benefits to AUV being:
 - i. \$1,500,000 Upfront payment on signing the Deed of Agreement.
 - ii. \$4,465,000 Value of Seven (7) Apartments.
 - iii. \$ 120,000 Additional Payment – Amendment to Deed of Agreement**.
 - iv. \$6,085,000 Total = 35% of the Dutiable Land Value.
- d. It should be noted that an Amendment to the Deed of Agreement was signed by the President and Second Vice-President, without the Executive Committee seeing and being consulted on the Agreement, an outrageous action and may be unlawful.
- e. The President stated at the Executive Committee the Amendment to the Deed of Agreement was highly confidential and that he could not trust releasing the details to certain members of the Executive Committee. Again, an outrageous decision that should have been provided to the Executive Committee on a CONFIDENTIAL basis to enable the AUV to make an informed decision.
- f. From a 'professional' perspective, I find the Agreement:
 - i. did not refer to the "breach" of the Agreement, which it should have.
 - ii. the breach caused considerable delays in completion of the Contract.
 - iii. as a result of delays, disadvantaged the AUV receiving funds that it was desperately relying on.

It was potentially legally possible to recommend to the Executive Committee that there be a penalty sought for the Breach in the order of \$500,000 - \$1,000,000, not the mere \$120,000. Again, a potential disadvantage to the AUV.

6. Stage 2 - Development of 3 – 11 Russell Street, Essendon

- a. Given that Stage 2 land area is larger than Stage 1 land area by 90 sqm (7.5%), a reasonable assumption is that, on potential current day valuation, Stage 1 actual Dutiable Land Value of \$17 million can be increased to \$18.30 million.
- b. Given that the Title of the land will remain vested in the AUV (as in Stage 1) until completed and final hand over of the individual apartments to the new owners, the Dutiable Land Value will increase for each year up to the day each individual apartment goes on sale.
- c. It can be assumed that if a Contract is signed by the AUV with their preferred developer during 2019, planning ready for the various approvals should be completed by 2021 ready for off-the-plan apartment sales.
- d. Give this timeframe, there could reasonably be a 2 year of land escalation in costs, which should be taken into consideration. I believe that a fair annual increase may be 15% per annum considering that in the past 10 years the cost has increase by 40% per annum.
- e. Taken the adjusted figure of \$18.30 million (point “a” above) increasing by the 15% per escalation per annum brings the new Dutiable Land Value to \$24 million.
- f. As previously stated, considering the above Dutiable Land Value, a negotiated amount in the order of \$18 million may be more appropriate.
- g. It is quite obvious that the redevelopment option, is by far more preferable than a straight-out sale as commented on in Section 3 above.
- h. Potentially, a three-year development could deliver a \$5 million bonus.

NOTE:

In pursuing the re-development of Stage 2, Ukrainian Community Centre, 3 – 11 Russell Street, Essendon, just like with Stage 1, **the developer will be required to provide a non-refundable deposit in the order of \$2,000,000**, which the AUV may use at its discretion immediately.

7. Expression of Interest – Stage 2, 3 – 11 Russell Street, Essendon

Following on from the Executive “building” meeting held on Sunday 2 July 2018, where I presented the above calculations and justifications in considerable detail, I was assigned to follow through on seeking an “Expression of Interest” from prospective developers.

The task was made difficult as I was not permitted to advertise in the newspapers to maximise response. The failure of the “Expression of Interest” (EIO) process, unreasonably fell heavily on me by certain members of the Executive Committee.

- a. Nonetheless, five (5) EOI enquiries were received from prospective developers.
- b. All five (5) developers, following their own investigation, decided it was not in their interest to expend funds preparing an EOI response.
- c. It is alleged that the prospective developers were advised by DevCo, the Stage 1 developer, that they had “certain advantages” in the development of 3 – 11 Russell Street, Essendon as Stage 2.
- d. DevCo may have breached contractual obligations and confidentiality by allegedly divulging to the five (5) prospective developers the contents of the “Deed of Agreement” for their own advantage.
“Deed of Agreement” Clause 34.7 states:
“DevCo must keep confidential details of any offers disclosed to it by AUV except where disclosure is required by Law or authorised by AUV.”
- e. It may reasonable be viewed that the alleged DevCo disclosure was designed to discouraged other prospective developers not to submit a proposal in response to the EOI.

- f. This is detrimental to the AUV's prospects in any redevelopment of Stage 2.
 - i. On 6 September 2017, I presented my Director, Position Paper No. 9 requesting an Inquiry into the "certain advantages" – no action taken by the Executive Committee, why?
 - ii. On 5 December 2017, I presented my Director, Position Paper No. 11 stating the gravity of the situation and outlined a possible solution – no action taken, why?
 - iii. The alleged breach of confidentiality by DevCo, may be a means to delete (excise) the "certain advantages" clauses from the contract together with substantial penalties imposed.
- g. If the AUV chooses to seek Expression of Interest, Tenders or Quotations for the sale, leasing or redevelopment, in the near future, the AUV will be required to provide full disclosure to each of the prospective bidders, which means that the issue of "certain advantages" will be required to be detailed. [I am of the view that the AUV would not receive any responses, leaving AUV to deal with DevCo alone, which is highly undesirable and totally to our commercial disadvantage.](#)
- h. [I believe that the President should publicly detail the extent of these "certain advantages" and their highly detrimental implications to the AUV.](#)

i. Confidentiality

Certain Directors will form the view that the above comments and disclosure of the "certain advantages" as a breach of Contract Confidentiality.

Confidentiality is only applicable on matters that are lawful.

However, confidentiality does not apply to issues and matter that are:

- i. Unlawful
- ii. Detrimental to the Association
- iii. Constitute Unfair terms and unconscionable conduct
- iv. Breaches by other parties
- v. Directors not acting in the best interest of the Association

In these cases, it is lawful disclosure in the Public Interest.

8. What can be achieved with this level of funding?

Under normal circumstances and normal tender process and without the restriction of the "certain advantages" the available funds would be in the order as stated in Point 6 above, as such the following may be possible.

[The assumption made is that the home of the AUV will be at 3 – 11 Russell Street, Essendon.](#)

- a. The development on the [Ground Floor](#) may consist of the following facilities:
 - i. Main reception hall for the full width of the property with stage (designed to have a ceiling height increase to statutory requirements)
 - ii. Street façade restaurant and associate kitchens,
 - iii. Function kitchen directly behind the Restaurant,
 - iv. Club rooms[Estimated cost in the order of \\$7 million](#)
- b. The development on the [First Floor](#) may consist of the following facilities:
 - i. A couple of smaller function rooms.
 - ii. Board Room
 - iii. AUV Executive Offices
 - iv. Meeting rooms
 - v. Individual storage / meeting rooms for Plast, CYM, Dancing groups etc.
 - vi. Language Class Rooms
 - vii. Multi-denominational Chapel room[Estimated cost in the order of \\$4 million](#)

- c. Assist all Branches to upgrade their facilities - a 'Ukrainian community revival'.
[Estimated cost in the order of \\$2 million](#)

The above totalling in the order of \$13 million, leaving the AUV with:

- i. \$2 million from Stage 2 new Contract - non-refundable deposit
- ii. \$3 million balance after above Point 8 list of Stage 2
- iii. \$4.5 million in ownership of the Stage 1 seven (7) apartments
- iv. \$130,000 per annum ongoing rental income from Stage 1 apartments
- v. \$200,000 (indicative) ongoing Lease of Restaurant and Function Centre.

The figures and values are fairly accurate based on the indicative information at held at the time. However, the intent of these figures is to display the magnitude of possibilities we as a community may be able to achieve.

It is recommended that an independent professional person or organisation review this information.

I hope this information stimulates discussion within the Community and the AUV Executive Committee puts in place a suitable execution plan.

Michael Karaszkewycz
Director
Association of Ukrainians in Victoria