

**Date: 24 March 2025**

**Principal, Heritage Permits | Heritage Victoria  
Planning and Land Services | Planning | Department of Transport and Planning  
2 Lonsdale Street  
Melbourne VIC 3000**

**By Email:**

**1 Riverview Tcd, Belmont [Kardinia House]  
Economic Justification**

**COMMERCIAL IN CONFIDENCE – NOT TO BE INCLUDED IN ADVERTISING MATERIAL**

Dear Madam/Sir,

We appreciate your feedback regarding the proposed redevelopment of 1 Riverview Terrace, Belmont VIC. We understand your concerns about the justification for the project and the potential impact on Kardinia House. We would like to address these concerns and provide a detailed economic justification for the proposed redevelopment.

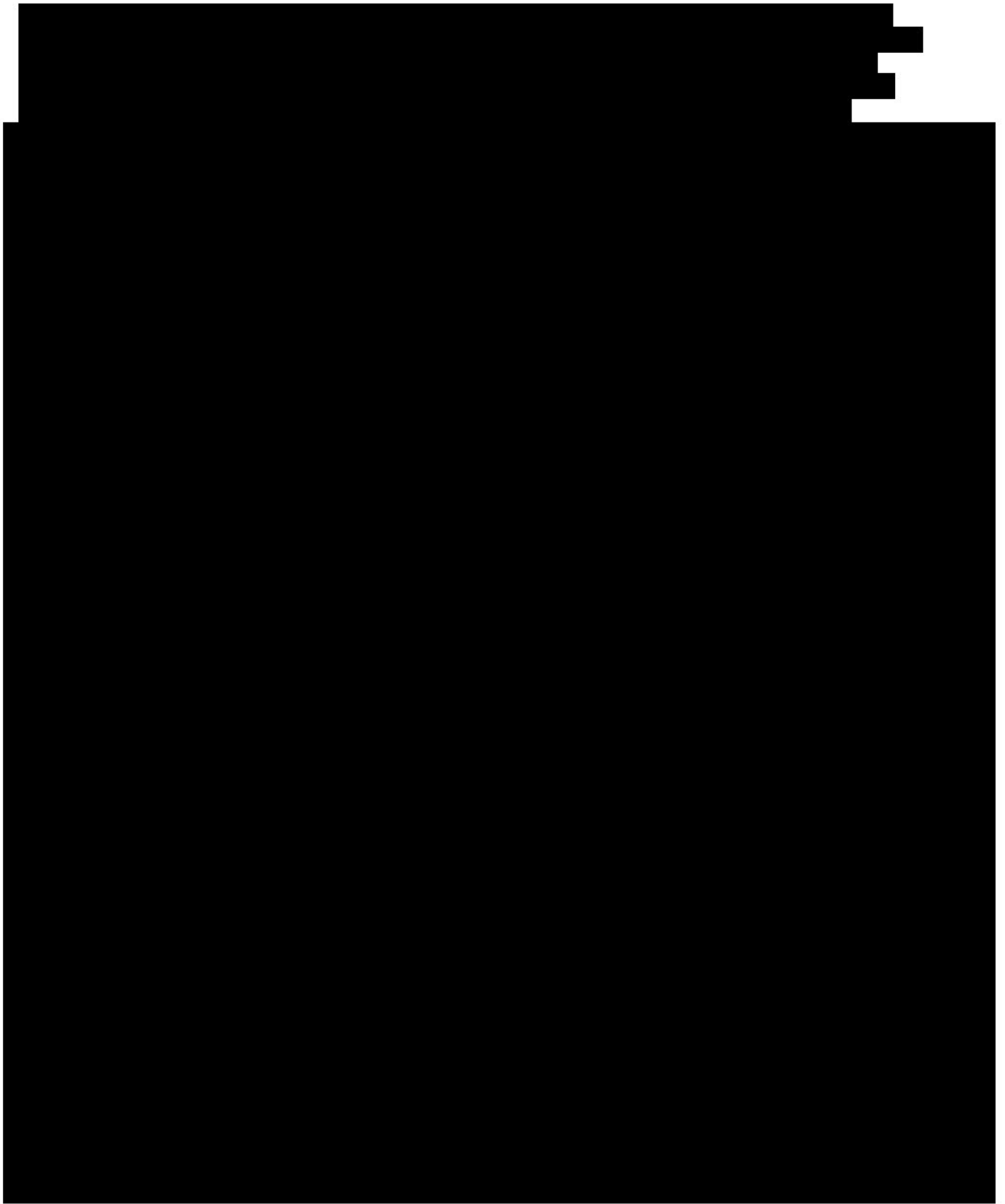
**1. Economic Sustainability of Kardinia House**

The proposed redevelopment of Kardinia House and its surrounds is essential for its economic sustainability, addressing the requirements of Section 102(2)(b) of the Heritage Act 2017. According to the guidance on "Relevant matters for the consideration of section 101(2)(b) of the Heritage Act 2017," the 'economic use' consideration focuses on the economic functioning of the registered place or object, rather than the financial circumstances of the applicant or owner." However, the feasibility of the proposed development is relevant in this circumstance as it relates to the viability of ongoing use or adaptive re-use of the registered place.

The success of this development is vital for the economic functioning of Kardinia House for several reasons:

- **Unencumbering the Site:** The redevelopment will remove the currently untenable commercial use of the site, and create a suitably sized house lot for residential purposes, thereby reinstating the heritage place's original use. The development will also allow for demolition of redundant post-war additions, the arrangement and condition of which can no longer efficiently function as a commercial use, or, residential use. This change will enhance the property's marketability and ensure its long-term viability.
- **Unlocking Funding:** The project will unlock funding necessary for the demolition of unsympathetic post-war additions and the restoration of Kardinia House. This funding is crucial for preserving the heritage value of the property and maintaining its structural integrity.
- **Ensuring Viability:** By transforming Kardinia House into a functional residential property, the redevelopment ensures the ongoing economic use of the site. This adaptive re-use aligns with the heritage guidelines and supports the property's economic sustainability.

**2. Financial Impact of Removing Two Townhouses**



[REDACTED]

[REDACTED]

### 3. Consequences of Not Proceeding with the Development

If the project cannot proceed as planned, we face two undesirable outcomes:

- a. **Underutilisation and Deterioration:** If the project does not proceed, Kardinia House risks falling into disuse, as its previous commercial function is now redundant and untenable. Reinstating a residential use would require significant funds to undertake essential restoration works, including the removal of post-war building additions and the proper maintenance needed to secure its long-term conservation. Without these funds, the heritage place would continue to deteriorate, ultimately jeopardising its preservation. Leaving Kardinia House redundant would not only lead to further physical decline but also undermine its historical and cultural significance, making its long-term conservation increasingly uncertain. This redevelopment project provides a vital opportunity to secure the future of Kardinia House while revitalising the surrounding area.
- b. **Increased Price of Kardinia House:** To offset the financial loss from removing two townhouses, an alternative is to increase the price of Kardinia House. [REDACTED] Further increasing the price would decrease the likelihood of it being sold, making it difficult to find a buyer willing to invest in the property at such a high cost. [REDACTED] In addition, lost revenue would require us to curtail cost and reduce the funds available for the immediate restoration / conservation works proposed prior to sale of the property. [REDACTED]

### 4. Adequacy of the Proposed House Area

We have carefully designed the area around Kardinia House to ensure it is sufficient for residential purposes while also being financially viable. Specifically, the southern curtilage has been allocated to provide space for additions, while the northern area is preserved as an open landscaped setting to enhance the visual prominence of Kardinia House. Our original planning brief to the architect allowed for an extension that would create a 275sqm house. However, following advice from our marketing agent, we determined that a 275sqm house would be more suitable to reduce construction costs. Importantly, this adjustment has not reduced the southern curtilage / space available for a rear extension. This approach ensures that ample open space is maintained, and any future additions by subsequent owners could be accommodated to the rear of the original house without encroaching into the side or front setbacks, preserving the integrity of the setting.

This decision balances the need for a functional residential space with the financial realities of the market. By reducing the size of the house, we aim to lower the overall construction costs, making the property more competitively priced and increasing its marketability. The 236sqm house design provides ample living space and has been benchmarked against similarly valued properties in Geelong sold in recent time (refer to market context below). The new house design will form a future application which Fathom is intending to lodge shortly, however, for the purposes of this application the design is simply to ensure an appropriate future design is possible.

We feel that the area provided for the extension of the house is sufficient because it not only allows surplus space to the size of house the agent is suggesting without additional construction cost, it also allows construction of a much larger dwelling with additions at the rear if a purchaser wishes to do that.

To provide context, we have compared the proposed plans for Kardinia House with two other heritage properties: Armytage House (referenced in the RFI) and St Helens Mansion. These comparisons demonstrate that while Kardinia House may have slightly smaller rear and side curtilages compared to the other properties, the total area allocated for development is similar to or larger. This ensures that Kardinia House can comfortably accommodate a dwelling of the required size without compromising its heritage setting.

	Armytage House (VHR H0405)	St Helens (Stella Maris) (City of Greater Geelong H0236)	Kardinia House (VHR H0337)(proposed)
Building extension size (m2)	~268.2	~222.5m2	236m2
House makeup	Unknown	4 bedrooms 4 bathrooms	5 bedrooms 7 bathrooms
Curtilage to side boundary	~3.5m	~7m	~6.1m
Curtilage to rear boundary	~12m	~13.6m2	~9.2m
Associated development	None	~60 townhouses and apartments	34 townhouses

Consideration should also be given to the scale of the associated development at Stella Maris. In particular, that a much larger development was required to unlock the potential of it as a residential property. This underscores the pressure that this proposed development is under to bear the cost of the required conservation works and improvements necessary to reinstate a residential use to Kardinia House.

Additionally, the architects have designed the development to be recessive, drawing design notes from Kardinia House to blend the old and the new together harmoniously. The design aims to be respectful of the heritage house, ensuring that the new townhouses do not dominate the visual landscape but rather complement the historical architecture of Kardinia House. This thoughtful approach helps maintain the aesthetic and cultural integrity of the site while providing modern living spaces for the townhouses and Kardinia House.

## 5. Market Context for High-Value Properties

To provide context, some of the most expensive houses in the Geelong area include:

- **Penthouse, Stella Maris, Rippleside** - Sold for \$5.715 million. This is a four-bedroom penthouse.
- **1 Elizabeth St, Point Lonsdale** - Sold for \$5.5 million. This property has a land size of 620 m<sup>2</sup> and includes 4 bedrooms, 3 bathrooms, and 2 parking spaces.
- **14 Newcomb St, Ocean Grove** - Sold for \$5.425 million. This house has a land size of 587 m<sup>2</sup> and includes 4 bedrooms, 5 bathrooms, and 3 parking spaces.
- **15 Castaway Crescent, Jan Juc** - Sold for \$5.3 million. This property is set on a 3,927 m<sup>2</sup> lot and includes 6 bedrooms, 3 bathrooms, and 6 parking spaces.
- **63 The Esplanade, Drumcondra** - Sold for \$5.25 million. This house has a land size of 1,387 m<sup>2</sup> and includes 4 bedrooms.



An important note here is that the above properties are all in high value / desirable beachside areas where the average price of houses is significantly higher than Belmont.

It is also worth noting that the economic benefit for restoration of St Helens required development of Circa 60 townhouses and apartments to support the financial feasibility, whereas, Kardinia House is proposing only 34 townhouses for a site in an inferior location (i.e not on the bay).

The area allowed for the Kardinia House lots can accommodate 5 bedrooms, 5 bathrooms, 3 car spaces and is set on a 4,976sqm lot. While the offering is more generous than the comparisons above, there is no evidence that higher prices can be achieved in the market and as a result the advice we have received is that a smaller extension that still meets the proposed number of bedrooms and bathrooms will result in the highest chance of successful sale and renovation.

Additionally, purchasers are likely to consider the risks associated with renovating a heritage house, making it even more susceptible to price sensitivity. We are trying to value Kardinia House accordingly to ensure it remains attractive to potential buyers and remove any perceived challenges with future renovation/ extensions. The heritage status of Kardinia House adds complexity to the renovation process, as potential buyers must consider the additional costs and regulatory requirements associated with preserving its historical features. These factors contribute to the overall risk and financial burden, making it crucial to price the property competitively.

Considering the above, the land allocated for the extension of Kardinia House is more than adequate to accommodate a luxury house with all the necessary components without encroaching into the side or front setbacks, maintaining the significant setting. The ample space ensures that the property can meet the high standards expected in Geelong based on benchmarked luxury properties. Additionally, it is unlikely that any purchaser would require a larger dwelling, as the construction costs and resulting value would surpass any previous sales in Geelong.

## 5. Conclusion

The redevelopment of 1 Riverview Terrace, Belmont, focuses on balancing economic viability of future residential use with the heritage preservation of Kardinia House. This proposal reinvigorates the standalone presence of Kardinia House by addressing key architectural and site considerations, ensuring that its historical significance remains a focal point while supporting modern living needs for a luxury residential property.

Key aspects of the approach include:

1. **Restoration and Removal of Additions:** The removal of post-war rear additions that detract from the original building and the 1970s orange brick structures restores Kardinia House's prominence and original sightlines.
2. **Preservation of Land Frontage:** The large block of land fronting Kardinia House is preserved to maintain its historical setting and visual relationship with the river.
3. **Sensitive Modern Extension:** The land behind Kardinia House accommodates a recessed, modern extension of generous size, designed to harmonise with the original architecture while meeting contemporary living standards and economic realities.

This integrated approach ensures that Kardinia House remains the dominant and most significant feature of the site while enabling a thoughtful residential extension that respects and enhances its heritage value. The economic justification highlights the importance of balancing project viability with heritage preservation, offering a model for successful heritage-focused redevelopment.

Whilst we work through the remaining RFI items, it is important for us to understand Heritage Victoria's position on the merits of Economic Benefit as it has the largest impact on the ultimate layout and ultimate decision on whether the project will proceed. Any changes also need to be considered by other key stakeholders (e.g City of Greater Geelong).

We trust that the above information is clear, and we seek confirmation from Heritage Victoria that our position regarding Economic Benefit is acceptable and removal of Lot 1 & 8 is not required.

Yours Sincerely,

A handwritten signature in black ink, appearing to be 'Bobby Kennedy', written over a horizontal dashed line.

**Bobby Kennedy**  
**FATHOM** | Director  
0447 530 045