

16.1 LATE ITEM - RESIDENTIAL INFILL PROGRAM

File No:	LP.102
Responsible Executive Officer:	Chief Executive Officer
Reporting Author:	Advisor to the Chief Executive Officer
Date of Report:	13 May 2013
Applicant/Proponent:	Department of Regional Development and Lands
Disclosure of Interest:	Chief Executive Officer has a financial and proximity interest to Gregory Way
Attachment(s)	Confidential - Letter from State Land Services

PURPOSE

For Council to:

- Consider the valuations and purchase price provided by the Valuer General for acquisition of five of the six sites allocated by the State Government to the Shire under Stage One of the Residential Infill Program; and
- Provide in-principle approval to purchase the five sites subject to related budget approval in the 2013/14 Budget and the outcome of public submissions lodged in relation to Council's Business Plan developed pursuant to Section 3.59 of the *Local Government Act 1995*.

BACKGROUND

In June 2011 the Department of Regional Development and Lands (RDL) advised the Shire of a schedule of land allocations under Stage One of the Residential Infill Project (Lazy Lands Program). The Shire subsequently accepted those allocations contingent on the Shire's capacity to purchase the land. In November 2011 RDL allocated six parcels of land totalling 8.7521 hectares to the Shire. The sites were as follows:

Site	Legal and general land description	Reserve Status	Lot Area
1	Lot 602 on Deposited Plan 70632 and wholly contained within Certificate of Crown Land Volume LR3161, Folio 550 Lot 602 Pelusey Way, Nickol	Parklands and Drainage	913m ²
2	Lot 611 on Deposited Plan 70632 contained wholly within Certificate of Crown Land Volume LR3161, Folio 551 Lot 611 Mayo Court, Nickol	Parklands and Drainage	2,389 m ²
3	Lot 612 on Deposited Plan 70632 and wholly contained within Certificate of Crown Land Volume LR3161 Lot 612 Boyd Close, Nickol	Parklands and Drainage	767m ²
4	Lot 635 on Deposited Plan 71342 contained within Certificate of Crown Land Volume LR3161, Folio 566. Lot 635 Richardson Way, Bulgarra	Parklands, Recreation, Drainage and Public Infrastructure	5.57 ha
5	Lot 683 on Deposited Plan 71342 and wholly	Parklands,	1.4 ha

	contained within Certificate of Crown Land Volume LR3161, Folio 575 683 Gregory Way, Bulgarra	Recreation, Drainage and Public Infrastructure	
7	Lot 651 on Deposited Plan 71341 and wholly contained within Certificate of Crown Land Volume LR3161 Lot 651 Hancock Way, Bulgarra	Parklands, Recreation, Drainage and Public Infrastructure	1.11 ha

A condition of acquiring (purchasing) the Lazy Lands sites is the preparation and submission of a Business Case for the development of each site.

The Shire contracted an independent consultant to undertake a preliminary due diligence and development feasibility assessment on each of the six sites prior to determining progression to a full business case principally focused on defining and assessing investment/development options, associated risk and commercial viability. Lot 635 Richardson Way, Bulgarra (known as Site 4) totalling 5.57 hectares was determined at initial analysis stage to be relatively low lying requiring further assessment in the context of hydrological studies being conducted by the State Government. Business Case development for this site is therefore pending.

The remaining five sites were subject to a full business case assessment by an independent consultant. Those business cases were submitted to RDL in October 2012 with a request that the Minister for Regional Development and Lands give due consideration to the Shire purchasing the five Crown sites at a reduced rate (5 percent of Unimproved Market Value), provided for under RDL Policy.

In April 2013, Council adopted the Business Plan prepared pursuant to Section 3.59 of the *Local Government Act 1995* which is required to give public notice of the Shire's intention to enter into a Major Trading Undertaking or Major Land Transaction, through State-wide advertising, the placing of the Business Plan for public inspection, and the calling of submissions. The advertising period closes 10 June 2013.

On 23 April 2013, RDL advised (Attachment 1- **Subject to Commercial In-Confidence**) of the outcome of valuations by Landgate's Valuation Services for the five sites, calculated at 5 percent of the project value, with a combined purchase price of \$276,750. While purchase remains subject to Ministerial approval, State Land Services within RDL has requested that Council advise whether it is agreeable to the purchase price.

The purchase price is considered to be of substantial value to Council in the context of affordability and the potential financial return from development. That said, there are no specific funds allocated for land acquisition in the 2012/13 Budget. Council has indicated that it will formally consider the budget for acquisition and development of the Lazy Lands sites as part of the 2013/14 budget deliberations as well as in the context of public submissions arising from release of Council's Section 3.59 Business Plan. It is therefore recommended that in-principle support be provided for purchase of the sites subject to the two latter conditions and the Minister for Regional Development and Lands final approval of the proposed purchase price.

On acceptance of the sale price and subsequent Ministerial approval of the purchase, RDL will prepare a Development Lease under Section 85 of the *Land Administration Act 1997* issued for the purpose of 'Development and subdivision of the land for residential purposes' for a period of two years commencing from the date the lease is signed by the Minister.

A Development Lease is essentially a mechanism that will provide certainty of freehold tenure upon certain agreed conditions being completed. The approach provides assurance to the State Government that the development of the land will proceed and that it will not be 'land banked' or remain undeveloped for an indeterminate period. While Council has previously requested freehold title, this approach remains RDL's preference. RDL has advised the Shire that the purchase price will be included in the Development Lease conditions which will ensure the purchase price is retained at the time of freehold sale.

LEVEL OF SIGNIFICANCE

In accordance with Council Policy *CE-8 Significant Decision Making Policy*, this matter is considered to be of high significance. The purchase price of the lots is very reasonable and allows for a greater financial return for the Shire and its community than initially envisaged. Under the 5 percent purchase policy, the funds are required to be maintained in trust for the purpose of capital improvements to Recreation Reserves in the locality. This allows for a greater pool of funding to meet improved amenity and infrastructure for town growth under the Pilbara Cities Initiative and Karratha City of the North Plan.

COUNCILLOR/OFFICER CONSULTATION

There have been numerous reports and briefings to Council regarding progression of the Lazy Lands sites to acquisition and development.

COMMUNITY CONSULTATION

Development of the Strategic Community Plan was underpinned by consultation with the Community through forums, surveys and workshops. Notably both the latter consultations and the Shire of Roebourne Community Needs and Satisfaction Survey 2012 and 2013 identified affordability and cost of living as one of the Community's top five priorities. Council's response to that priority is to work with relevant agencies to facilitate affordable housing and land release strategies including through the Residential Infill Program.

As noted, the Shire's Business Case pursuant to Section 3.59 is also currently subject to public inspection. Submissions will be considered by Council at a future Ordinary Council Meeting.

STATUTORY IMPLICATIONS

There are no statutory implications.

POLICY IMPLICATIONS

The over-arching premise of the Lazy Lands Project is the identification and allocation of surplus vacant Crown Land for residential land supply to meet the Region's short-term (to 2015) demand for dwellings identified in the Department of Planning's Pilbara Planning and Infrastructure Framework (the Framework). The Framework, which is a regional planning strategy, responds to many of the challenges and opportunities facing the Region and underpins the State Government's Pilbara Cities Initiative (the Initiative) which aims to grow Karratha to 50,000 by 2035. This is similarly reflected in the Karratha City of the North Plan which highlights the importance of readily developable land banks that can be quickly released to the market for improved housing affordability,

FINANCIAL IMPLICATIONS

Council will need to consider the purchase price of approximately \$277,000 as part of its budget deliberations for the project in its 2013/14 budget.

STRATEGIC IMPLICATIONS

This item is relevant with the Council’s approved Strategic Community Plan 2012-2022 and Corporate Business Plan 2012-2016. In particular the Operational Plan 2012-2013 provided for this activity:

Our Program: 1.b.1.2 Build partnerships with stakeholders including Government Agencies and Public Business Enterprises to implement the vision of the Karratha City of the North Plan

Our Services: 1.b.1.2.1 Identify land for potential growth and coordinate planning to bring growth areas into readiness for urban development.

RISK MANAGEMENT CONSIDERATIONS

Submissions lodged as a consequence of the Shire’s release of Council’s Section 3.59 Business Plan may impact Council’s decision regarding the Shire’s purchase of the lots.

IMPACT ON CAPACITY

There is no impact on capacity or resourcing to carry out the Officer’s recommendation.

RELEVANT PRECEDENTS

There are no relevant precedents related to this matter.

VOTING REQUIREMENTS

Simple Majority

OPTIONS:

Option 1

As per Officer’s recommendation.

Option 2

That Council by SIMPLE Majority pursuant to Section 3.18 of the *Local Government Act 1995* RESOLVES NOT TO ACCEPT the Officer’s recommendation and to take the following action:

- a. _____; and
- b. _____.

CONCLUSION

RDL seeks confirmation of Council’s agreement to purchase five of the six sites allocated by the State Government to the Shire under Stage One of the Lazy Lands Program. The Sites have been valued by Landgate Valuation Services and a purchase price set at approximately \$277,000. It is recommended that Council give in-principle approval to the purchase subject to budget approval in Council’s 2013/14 Budget and the outcome of Council’s consideration of public submissions lodged pursuant to Council’s Section 3.59 Business Plan.

OFFICER'S RECOMMENDATION

That Council by SIMPLE Majority pursuant to Section 3.18 of the *Local Government Act 1995* RESOLVES to:

1. **ACCEPT** the valuations and purchase price provided by Landgate Valuation Services and the Department of Regional Development and Lands for Sites 1, 2, 3, 5 and 7 allocated by the State Government to the Shire under the State Government's Residential Infill Program; and
2. **PROVIDE** in-principle approval for the acquisition of those sites at the stated purchase price of \$275,750.00 subject to:
 - a. Approval being granted by the Minister for Regional Development and Lands for the purchase of the sites;
 - b. Approval being granted by Council in the 2013/14 Council Budget for the purchase value for the sites; and
 - c. Council's consideration of the submissions lodged in respect to Section 3.59 *Local Government Act 1995* Business Plan for the development of the sites not impacting Council's decision regarding site purchase.