CAMPBELLTOWN
CITY COUNCIL

Confidential Item

Confidential Item

For Council meeting to be held on

Tuesday 17 May 2016 at 7.30 pm

Refer Item 11.5

11.5 Update and Investigations on the Sale Process for the Campbelltown Pigeon Club, Henry Street, Hectorville Reserve

TRIM Reference: B3100 Property Officer, Mario Scalzi's Report

Purpose of Report

To provide Council with advice regarding the sale process for the site formerly known as the Campbelltown Pigeon Club, Henry Street, Hectorville Reserve.

Strategic Plan Link

Strategy 2.5.6 Provide timely and relevant financial information to help make informed decisions

Background

Council resolved the following at its 19 January 2016 meeting:

> 'That pursuant to Section 194(3) (b) of the Local Government Act 1999 Council resolves to revoke the classification of the land as Community Land being Campbelltown Pigeon Club, Henry Street, Hectorville Reserve described in Allotment 34 in DP 8059, Certificate of Title Volume 6158 Folio 823, and that the appropriate notice be placed in the Government Gazette and that Staff commence the process to sell this property for residential purposes.'

The revocation of the Community Land classification process has been completed and Staff have undertaken the necessary reviews of the site to commence the sale process for the property.

The review included consideration of the options available to facilitate this land sale, a site survey and a discussion with Council's Planning Staff to assist in determining the best financial outcome for the site.

The property's sale price is hindered by the existence of two easements over the site. To the western side of the allotment running for the entire length of the property is a 3.05 metre wide storm water easement in favour of Council, however the easement of most concern for maximising the sale price is the 3.05 metre easement in favour of Minister for Infrastructure (SA Water). This easement runs through the centre of the property for the entire length of the site and contains a mains sewer pipe (see attached Certificate of Title).

This report provides advice on these existing easements and the effect that they may have on the sale of the property.

Discussion

The subject land is approximately 740 square metres in area with a 20.22 metre frontage and a depth of 36.5 metres. The land is zoned Residential and within this zone residential development comprising a range of dwelling types is envisaged.

Advice provided by Council's Planning Staff is that the site is likely to be able to accommodate two (2) small to modest type group dwellings.

Design aspects will need to be considered to minimise the impact of the existing easements on the allotment and the proportions of open space which would be associated with a dwelling placed at the rear of the allotment.

This may be achievable as a group dwelling within the Residential - Regeneration Policy Area 3 located within 400 metres of a transport corridor being (Montacute Road, Hectorville) having a minimum site area of 250 square metres. Being a group dwelling the proportions of common driveways located over the easement would contribute to the overall site area average.

The biggest constraint to the development of this land is the easements registered across the title and in particular the sewer easement. By leaving the easements in place, it effectively reduces the developable area of the allotment by approximately 320 square metres, thus making it very difficult for an effective design to be developed even for a single detached dwelling.

Advice received from SA Water suggests that the sewer easement can be relocated 3 metres to the west, abutting Council's drainage easement and that the existing sewer main and connection can be made redundant. However the infrastructure will be left in the ground at approximately 1.5 metres below the surface.

The cost estimate from SA Water for this work to be undertaken has been quoted as $54,000 however they have also indicated that if the costs exceed those quoted, Council will be liable for any additional costs to undertake the works. To proceed, SA Water requires a Council resolution to proceed with the works and a Purchase Order.

The demand by SA Water of $54,000 is made up of $41,500 construction cost and $12,500 project cost which seems to be exorbitant considering the works being undertaken. SA Water has denied the approach by Staff, that Council undertake the work itself, and insists that these costs are not negotiable.

The property currently houses the old Campbelltown Pigeon Club and a row of olive trees (not considered significant) which should be demolished prior to placing the property on the market for sale. The removal of these items could be undertaken for an approximate cost of $15,000.

Information provided to Council by Trice Pty Ltd (engaged to determine a valuation for the property) indicated that, based on recent sales within the locality, prices for property of an equivalent developable area in the range of 700 square metres is between $545,000 - $565,000.

Properties of a smaller developable area of 300 to 400 square metres as would be the case without the easements being moved in the area have sold for between $285,000 - $320,000. The reduction of developable area (around half) has a proportional effect on the value of the land with a marked decrease of approximately $250,000.

Taking into account the advice provided by Trice Pty Ltd, the best case scenario if Council considers recent sales for a 700 square metre allotment sold for $565,000 equates to $807 a square metre whereas for an allotment of 400 square metres sold for $320,000 equates to $800 a square metre.

In reviewing this information, Staff are suggesting four (4) options for Council's consideration:

1. *Sell the property as a clean site without removing the SA Water Easement*

   Using the above figures, should Council attempt to sell the property as is (albeit with the removal of the building and trees), this would render the developable area of the property to be approximately 406 square metres. Multiplying that area by $800 a square metre should theoretically return a cash return of $324,800 less $15,000 clearing costs being $309,800. This option has the least risk to Council and should Council support this option, it could be placed on the market for $350,000 and delegate the authority to the Chief Executive Officer to accept offers above $330,000.

2. *Sell the property with SA Water Easement being relocated*

   Should Council use the figures as a sales guide, considering the relocation of the sewer easement, it effectively would leave a useable development area of approximately 506 square metres. Multiplied by an average square metre rate of $800 would potentially deliver a sale price of approximately $404,800. This of course would need the costs demanded by SA Water of $54,000 and the demolition and clearing costs of approximately $15,000 deducted leaving the potential return to Council being $335,800. Council could also consider a higher sale price as potentially this land still can be subdivided into two (2). However this option will carry a risk to Council if the actual SA Water cost is higher than the estimated quote. If Council were to support this option, then the property could be placed on the market for $450,000 and delegate the authority to the Chief Executive Officer to accept offers above $430,000.

3. Relocate SA Water Easement and subdivide the property into two (2) allotments

The costs associated with a subdivision, demolition, clearing costs, and the relocation of the SA Water easement is estimated to be approximately $100,000. The potential sale of each allotment (eg as a hammerhead allotment arrangement), could potentially return between $200,000 - $250,000 for the rear allotment and the allotment with a street frontage to Henry Street could potentially return a sale price of $250,000 with a total return of $450,000 - $500,000.

The risk associated with this option is that the sale process for the two allotments could be lengthened due to subdivision time frames and hammer head allotments could be considered less desirable for development purposes. If Council supported this option, then it is recommended that the rear allotment be placed on the market for $250,000 with the Chief Executive Officer being delegated the authority to accept offers above $220,000 and the street frontage property being placed on the market for $270,000 with the Chief Executive Officer being delegated the authority to accept offers above $250,000.

4. Sell the property as is to test the market

List the property for sale as it is with no works undertaken and put the onus on the purchaser to undertake any works associated with developing the land with advice provided on the costs being demanded by SA Water for any works to relocate the sewer pipe. This option carries the lowest of all risks to Council associated with the disposal of this property however is likely to return the lowest sale price. If this option is supported by Council, then the property should be placed on the market for $350,000 and delegate to the Chief Executive Officer the authority to accept offers above $330,000.

Summary

Due to the work associated with the options, it may be prudent for Council to simply list the property in accordance with Option 4 to determine whether a return of $330,000 can be achieved for no initial outlay.

Social Implications

There are no social implications in relation to this report as the Community has provided Council with its absolute agreement to proceed with the sale of this property.

Environmental Implications

There are no environmental implications in relation to this report.

Asset Management Implications

There are no asset management implications in relation to this report as the property is intended to be sold.

Governance / Risk Management

The governance requirements to revoke Community Land have been met throughout this process.

Community Engagement

There are no Community engagement implications in relation to this report.

Financial Implications

There is no budget allocated in this financial year for any associated works for the sale of the property. Therefore Council should consider the following as part of the 3rd Budget Review:

- Option 1 - $15,000 for demolition and clearing the land
- Option 2 - $69,000 for demolition and clearing the land and the relocation of SA Water pipe cost
- Option 3 - $100,000 to cover all the costs quoted in the two options above and an estimated $30,000 land division costs
- Option 4 - No initial costs.

All proceeds from the sale of this property will be quarantined for the purposes of purchasing additional open space in the Hectorville Ward.

Recommendation

That Council:

- **endorse Option 4 as the preferred option and instruct Staff to commence the process to sell the property at Henry Street, Hectorville for residential purposes**
- **endorse the Chief Executive Officer to list the property for sale at $350,000 however delegate the authority to accept offers above $330,000, and**
- **request Staff prepare a further report should no reasonable offer be obtained after eight (8) weeks of being actively on the open market.**

WARNING: BEFORE DEALING WITH THIS LAND, SEARCH THE CURRENT CERTIFICATE

CERTIFICATE OF TITLE

Volume 6158 Folio 823

REAL PROPERTY ACT, 1886

South Australia

Dealing(s) Creating Title	RT 12349134
Title Issued	30/06/2015
Edition	1
Edition Issued	30/06/2015

I certify that the registered proprietor is the proprietor of an estate in fee simple (or such other estate or interest as is set forth) in the land within described subject to such encumbrances, liens or other interests set forth in the schedule of dealings.

Registrar-General

ESTATE TYPE

FEE SIMPLE (RESERVE)

REGISTERED PROPRIETORS

THE CORPORATION OF THE CITY OF CAMPBELLTOWN
OF PO BOX 1 CAMPBELLTOWN SA 5074

DESCRIPTION OF LAND

ALLOTMENT (RESERVE) 34 DEPOSITED PLAN 8059
IN THE AREA NAMED HECTORVILLE
HUNDRED OF ADELAIDE

BEING A RESERVE

EASEMENTS

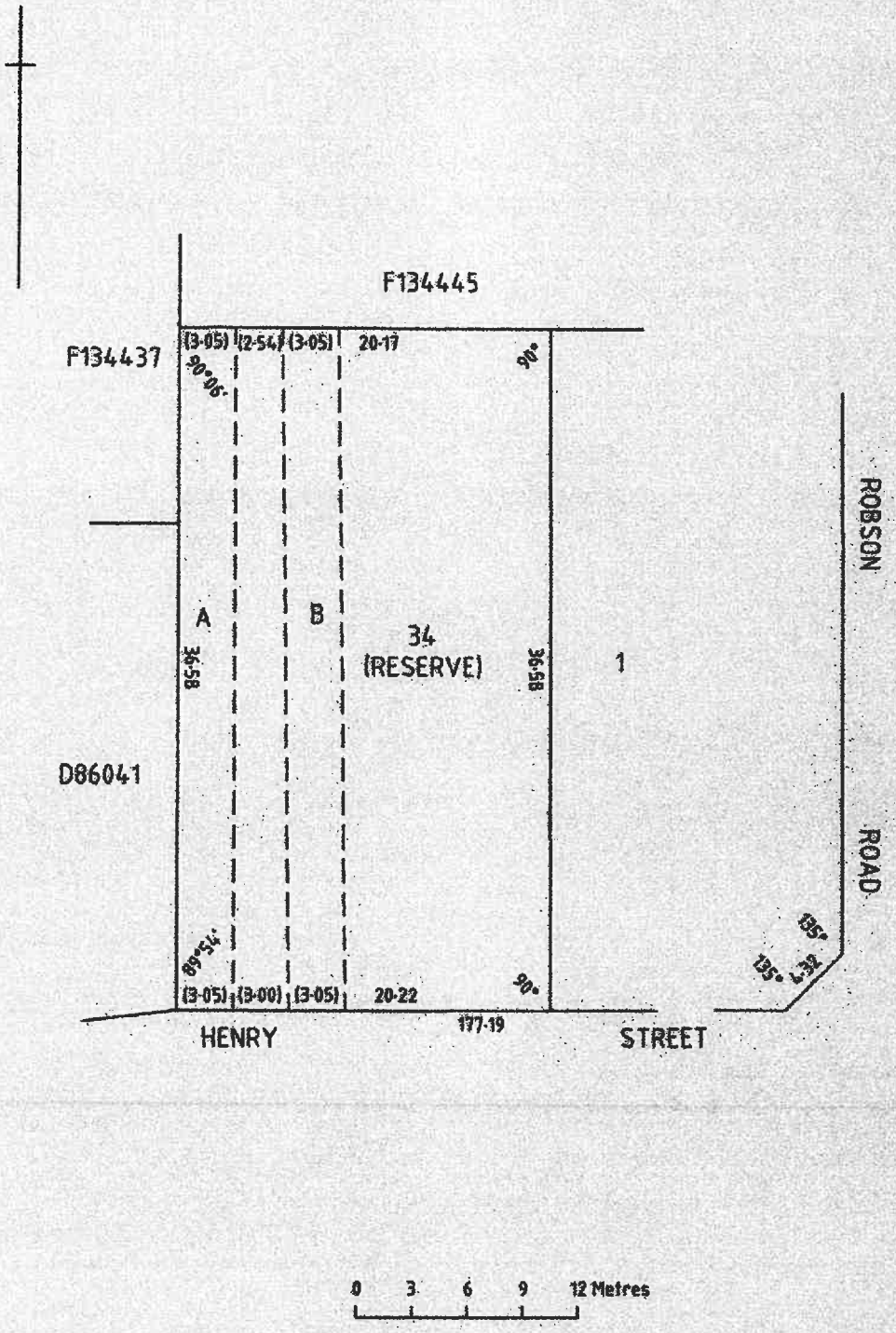
SUBJECT TO EASEMENT(S) OVER THE LAND MARKED B TO THE MINISTER FOR INFRASTRUCTURE (T 3021466)

SUBJECT TO SERVICE EASEMENT(S) OVER THE LAND MARKED A FOR DRAINAGE PURPOSES TO THE COUNCIL FOR THE AREA (223LG RPA)

SCHEDULE OF DEALINGS

NIL

END OF TEXT


F134445
F134437
(3-05)
(2-54)
(3-05)
20-17
90°
90°
A
B
34
(RESERVE)
1
36-58
36-58
D86041
ROBSON
ROAD
135°
135°
4-32
90°
75-68
(3-05)
(3-00)
(3-05)
20-22
90°
HENRY
177-19
STREET
0 3 6 9 12 Metres


CURTIS STREET
Henry Street Reserve
Former Campbelltown
Pigeon Club
HENRY STREET
PINNERI STREET
GOSFORD STRE



PIGEON CLUB

Option 1

GENERAL NOTES:

1. CADASTRAL INFORMATION APPROXIMATE ONLY.
2. SERVICE LOCATIONS DIAGRAMMATIC ONLY. CONTACT SERVICE AUTHORITIES FOR EXACT IN GROUND LOCATIONS.
3. KERBING TO BE CONSTRUCTED IN ACCORDANCE WITH CITY OF CAMPBELLTOWN TECHNICAL STANDARDS.
4. ALL DISTURBANCES TO EXISTING VERGE RETICULATION AND TURFING TO BE REINSTATED.
5. SEWER & WATER MANHOLE LIDS TO BE ADJUSTED CORRESPONDING TO PROPOSED DESIGN.

CITY OF CAMPBELLTOWN
INFRASTRUCTURE SERVICES

HENRY STREET HECTORVILLE

GOSFORD STREET
OPTION 1 - SELL THE PROPERTY AS A CLEAN SITE WITHOUT REMOVING THE SA WATER EASEMENT

CONCEPT PLAN
SHEET 1 OF 4

No.	REVISION	BY	DATE	AUTH
A	ISSUED FOR CONSULTATION	S SOON	MAY 2016	

No.	REVISION – FOR CONSULTANTS DRAWINGS	BY	DATE	AUTH

SCALE: 1:XXX (2.5 0 2.5 5 7.5 10 12.5 SCALE IN METRES)
DATUM: LOCAL
GRID: MGA-54
SURVEYED: AERIAL MAP FEB 2016 SURVEYOR
DESIGNED: S.SOON MAY 2016 CIVIL PROJECTS DESIGNER
DRAWN: S.SOON MAY 2016 CIVIL PROJECTS DESIGNER
CHECKED: DD/MM/YYYY TECHNICAL MANAGER
APPROVED: DD/MM/YYYY GENERAL MANGER INFRASTRUCTURE SERVICES
CHECKED: DD/MM/YYYY CONSTRUCTION COORDINATOR
FILE No. COUNCIL AGENDA 17 MAY 16
PROJECT No. PROJECT NUMBER
DRAWING No. PIGEON CLUB
SHEET
REVISION
ORIGINAL DRG. SIZE A1

PIGEON CLUB



Option 2

GENERAL NOTES:

1. CADASTRAL INFORMATION APPROXIMATE ONLY.
2. SERVICE LOCATIONS DIAGRAMMATIC ONLY. CONTACT SERVICE AUTHORITIES FOR EXACT IN GROUND LOCATIONS.
3. KERBING TO BE CONSTRUCTED IN ACCORDANCE WITH CITY OF CAMPBELLTOWN TECHNICAL STANDARDS.
4. ALL DISTURBANCES TO EXISTING VERGE RETICULATION AND TURFING TO BE REINSTATED.
5. SEWER & WATER MANHOLE LIDS TO BE ADJUSTED CORRESPONDING TO PROPOSED DESIGN.

CITY OF CAMPBELLTOWN
INFRASTRUCTURE SERVICES

HENRY STREET HECTORVILLE

GOSFORD STREET
OPTION 3 - RELOCATE SA WATER EASEMENT AND SUBDIVIDE THE PROPERTY INTO TWO(2) ALLOTMENTS

CONCEPT PLAN
SHEET 3 OF 4

No.	REVISION	BY	DATE	AUTH
A	ISSUED FOR CONSULTATION	S SOON	MAY 2016	

No.	REVISION – FOR CONSULTANTS DRAWINGS	BY	DATE	AUTH

SCALE: 1:XXX (2.5 0 2.5 5 7.5 10 12.5 SCALE IN METRES)
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CHECKED: DD/MM/YYYY TECHNICAL MANAGER
APPROVED: DD/MM/YYYY GENERAL MANGER INFRASTRUCTURE SERVICES
CHECKED: DD/MM/YYYY CONSTRUCTION COORDINATOR
FILE No. COUNCIL AGENDA 17 MAY 16
PROJECT No. PROJECT NUMBER

DRAWING No. PIGEON CLUB | SHEET | REVISION | ORIGINAL DRG. SIZE A1



Option 3

GENERAL NOTES:

1. CADASTRAL INFORMATION APPROXIMATE ONLY.
2. SERVICE LOCATIONS DIAGRAMMATIC ONLY. CONTACT SERVICE AUTHORITIES FOR EXACT IN GROUND LOCATIONS.
3. KERBING TO BE CONSTRUCTED IN ACCORDANCE WITH CITY OF CAMPBELLTOWN TECHNICAL STANDARDS.
4. ALL DISTURBANCES TO EXISTING VERGE RETICULATION AND TURFING TO BE REINSTATED.
5. SEWER & WATER MANHOLE LIDS TO BE ADJUSTED CORRESPONDING TO PROPOSED DESIGN.

CITY OF CAMPBELLTOWN
INFRASTRUCTURE SERVICES

HENRY STREET HECTORVILLE

GOSFORD STREET
OPTION 2 - SELL THE PROPERTY WITH SA WATER EASEMENT BEING RELOCATED

CONCEPT PLAN
SHEET 2 OF 4

No.	REVISION	BY	DATE	AUTH
A	ISSUED FOR CONSULTATION	S SOON	MAY 2016	

No.	REVISION – FOR CONSULTANTS DRAWINGS	BY	DATE	AUTH

SCALE: 1:XXX (2.5 0 2.5 5 7.5 10 12.5 SCALE IN METRES)	SURVEYED: AERIAL MAP SURVEYOR FEB 2016	DRAWN: S.SOON CIVIL PROJECTS DESIGNER MAY 2016	APPROVED: GENERAL MANGER INFRASTRUCTURE SERVICES DD/MM/YYYY	FILE No. COUNCIL AGENDA 17 MAY 16	DRAWING No. PIGEON CLUB	SHEET / REVISION / ORIGINAL DRG. SIZE A1
DATUM: LOCAL	GRID: MGA-54	DESIGNED: S.SOON CIVIL PROJECTS DESIGNER MAY 2016	CHECKED: TECHNICAL MANAGER DD/MM/YYYY	CHECKED: CONSTRUCTION COORDINATOR DD/MM/YYYY	PROJECT No. PROJECT NUMBER	

PIGEON CLUB



PIGEON CLUB

Option 4

GENERAL NOTES:

1. CADASTRAL INFORMATION APPROXIMATE ONLY.
2. SERVICE LOCATIONS DIAGRAMMATIC ONLY. CONTACT SERVICE AUTHORITIES FOR EXACT IN GROUND LOCATIONS.
3. KERBING TO BE CONSTRUCTED IN ACCORDANCE WITH CITY OF CAMPBELLTOWN TECHNICAL STANDARDS.
4. ALL DISTURBANCES TO EXISTING VERGE RETICULATION AND TURFING TO BE REINSTATED.
5. SEWER & WATER MANHOLE LIDS TO BE ADJUSTED CORRESPONDING TO PROPOSED DESIGN.

CITY OF CAMPBELLTOWN
INFRASTRUCTURE SERVICES

HENRY STREET HECTORVILLE
GOSFORD STREET
OPTION 4 - SELL THE PROPERTY AS IS TO TEST THE MARKET

CONCEPT PLAN
SHEET 4 OF 4

No.	REVISION	BY	DATE	AUTH
A	ISSUED FOR CONSULTATION	S SOON	MAY 2016	

No.	REVISION – FOR CONSULTANTS DRAWINGS	BY	DATE	AUTH

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FILE No. COUNCIL AGENDA 17 MAY 16
PROJECT No. PROJECT NUMBER
DRAWING No. PIGEON CLUB
SHEET A1
REVISION
ORIGINAL DRG. SIZE