Confidential Item

CAMPBELLTOWN CITY COUNCIL

Confidential Item

For Council meeting to be held on

Tuesday 15 August 2023 at 7.00 pm

Refer Item 11.6

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Confidential Item

11.6 Sale of 84 St Bernards Road, Magill

Governance Officer, Allison Down's Report

Purpose of Report

To consider the potential purchase of land in Magill being auctioned on 19 August 2023.

Strategic Plan Link

Focus Area 2.2.2 Improve the quality of public green space (eg, parks, reserves, trees, streetscape and landscaping)

Focus Area 4.3.3 Plan for change in demographics, population needs and climatic conditions

Previous Council/Committee Resolution

At its meeting on 19 August 2014 Council resolved:

> 'That Council endorse the proposed Strategic Open Space Land Purchasing Principles and Staff investigate the possibilities for strategic land acquisition to increase the amount and quality of open space throughout the City area as finances permit.'

Background

Within the Council area, Magill has the third lowest provision of open space when compared to other suburbs. It sits below the benchmark of three hectare per 1,000 persons.

Suburb	Open Space (ha/1000 persons)	Community Open Space (ha/1000 persons)
Hectorville	2.2	0.9
Rostrevor	2.3	1.6
Magill	2.7	2.5
Tranmere	2.9	2.7
Campbelltown	4.9	4.1
Newton	4.9	4.5
Paradise	11.3	9.3
Athelstone	13.2	10.7
Average for City	**6.1**	**4.9**

The sale of land at 84 St Bernards Road, Magill presents an opportunity for Council to consider its purchase with a view towards developing the land to increase Council's open space in the area, especially as the property adjoins the Magill Senior Citizens Centre.

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Discussion

The property is being presented for sale by auction at 11.00 am on Saturday 19 August 2023.

The Land

The land in question measures 24.4m x 79.5m creating an allotment of approximately 1,940m^2. The property has both an access from St Bernards Road and a rear access from Gava Street, and is currently used for masonry stonework, plasterwork and concreting services.

The property's vendor statement, Form 1, confirms that the premises are free from asbestos and any undisclosed easements or encumbrances, except for the underground storage tank, which is addressed separately in this report.

The vendor intends a 60 day settlement period, and it's important to note that the existing periodic leasing arrangement can be terminated at the discretion of either the purchaser or the lessee. Periodic leases are distinct in that they lack a fixed date and typically continue on a month to month basis.

The image below illustrates the parcel of land in relation to the neighbouring parcel of land containing Magill Senior Citizens Centre.



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From a development perspective, the property is zoned as General Neighbourhood and the warehouse contained on the allotment is approximately 400m^2 in size.

Land purchase price

The agent responsible for 84 St Bernards Road has indicated that the anticipated price range for the property is between $1,000 to $1,300 per square metre, therefore a price ranging from approximately $1.9 million to $2.5 million is anticipated to be desired from the vendor. Revenue SA considers the land as qualifying land as defined in the Stamp Duties Act 1923 and therefore the purchase would not attract stamp duty.

The Valuer-General's latest valuations for the site are:

- Site value $1,625,000
- Capital value $ 1,775,000.

An independent valuation obtained by Council Staff has indicated that a range between $1.94 million and $2.04 million would be appropriate.

Contamination considerations

The property agent has disclosed that the site contains an inground diesel tank.

Staff believe that this tank, along with other factors associated with the current usage of the site, infer a risk of contamination on the property that needs to be factored into any potential purchase costs where usage of the site is intended to vary from the current (industrial) land use.

An Environmental Site Assessment (soil sampling) Report dated June 2023 (provided by the property agent managing the sale) states that there 'has not been any significant loss of fuel from the site storage and dispensing infrastructure at this time'. The EPA's website does not list this site for Section 83 (site pollution) or Section 83A (underground water contamination) contamination notifications.

Council's Senior Planner has considered the Environmental Site Assessment (soil sampling) Report on behalf of Council and has advised that under the Planning, Development and Infrastructure Act 2016, any change in land use to a more sensitive use, including open space or for a land division that propose allotments for a sensitive use would require a contamination declaration. The declaration must be conducted by suitable professionals and could cost upwards of $100,000. The declaration would provide more detailed information on contamination issues at the site and the remediation required to be undertaken before a change in land use can occur. From past experience, estimated remediation costs has been as high as $400,000.

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Potential use

The property sits within a densely populated area of Magill which in recent years has been undergoing a change in its demographics resulting in an increase in families with children. The site distance to other areas of open space in this locality is:

- Morialta Secondary College - 170m
- Grandview Grove Reserve - 330m
- Daly Oval – 420m
- Uni SA Magill Campus – 490m.

Next steps

Council needs to determine whether it is interested in pursuing this sale either before or at auction and provide direction to the Chief Executive Officer accordingly.

If Council wishes to purchase this property, then it would be prudent to resolve the following Motion (with the value to be determined by Council), noting the potential costs with remediating the site:

That Council:

1. Authorise the Chief Executive Officer to bid and/or enter into negotiations for the purchase of 84 St Bernards Road, Magill up to a threshold of $<VALUE>.

2. Exclude 84 St Bernards Road, Magill from its Community Land Register if it successfully purchases this land parcel.

3. Request that Staff advise Council of the outcome of this matter.

Social Implications

84 St Bernards Road would enable Council to increase the reserve area connected to the Magill Senior Citizens Centre and could support the development of reserve facilities to support family friendly activities in this area.

Environmental / Climate Change Implications

Increasing the amount of land Council holds for open space would further support and enhance Council's efforts to increase its urban forest and canopy cover to support its climate adaption activities.

Asset Management Implications

The proposed addition of extra land to Council's existing open space is anticipated to have a marginal impact on its Green Assets holding.

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If Council were successful in acquiring this land, it would need to include the structures on the land in its Asset Management Register and depreciate them accordingly. The split between the land value and other structures on the site would need to be established before determining the impact on depreciation.

Governance / Risk Management

The adjacent land, Magill Senior Citizens Hall is community land. Prior to purchasing 84 St Bernards Road, Council would need to determine whether this new parcel would be community land in accordance with Local Government Act requirements (noting, excluding the parcel from being community land would provide greater flexibility for future use and development).

There is a potentially significant unknown risk associated with contamination on this site. Although the Environmental Site Assessment tends to suggest the risk is minimal, the real determination won't be known until a more extensive assessment is undertaken, which could cost $100,000.

Community Engagement

There are no Community engagement implications in relation to this report, however members of the Community in this area have previously advised that they value open space.

Regional Implications

There are no regional implications in relation to this report.

Economic Development Implications

There are no economic development implications in relation to this report.

Financial Implications

The proposed purchase of the property has not been considered within Council's existing budget, however Members may wish to note that Council has a Strategic Land Purchases Reserve that currently holds $1,305,550.

Council may wish to use its existing cash and investments to cover any shortfall. The decision to proceed with the purchase would be recognised at the First Budget Review for 2023/2024 and classified as Capital-New, including any costs to remediate the site.

Recommendation

For Council's consideration.

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