Confidential Item

CAMPBELLTOWN CITY COUNCIL

Confidential Item

For Council meeting to be held on

Tuesday 4 August 2020 at 7.00 pm

Refer Item 11.6

Confidential Item

11.6 Land Purchase

Property Officer, Mario Scalzi's Report

Purpose of Report

To provide advice to Council on a property currently listed for sale at 14 Antares Way, Athelstone that abuts Council's Antares Way, Athelstone Reserve known as Padulesi Park.

Strategic Plan Link

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

Strategy 3.1.4 Ensure open space is accessible for all members of the community

Background

It has been brought to Council's attention that the 14 Antares Way, Athelstone property is currently listed for sale through agents Refined Eastern Realty. The property abuts Council's Padulesi Park, Antares Way, Athelstone Reserve and is being marketed as residential land even though there is an established dwelling on the site.

In accordance with Council's Procurement Policy and in particular Section 6.21 - Purchase of Land:

> 'Council will seek to purchase land in accordance with a Council decision for a direct purpose or as a strategic acquisition.
>
> Where an opportunity arises to purchase a relevant parcel of land, Employees will advise Council of the opportunity through a Council report. If Council decides to pursue the purchase, it will then establish a price or range (excluding any transfer costs or stamp duty) for negotiation and delegate the Chief Executive Officer to conduct the purchase within relevant parameters.'

This report shall provide Council with relevant information on the parcel of land and its potential value for Council's consideration.

Discussion

The 14 Antares Way, Athelstone property is a triangular land holding of approximately 677 square metres and abuts Council's Padulesi Park to its northeast boundary. The triangular allotment has a 28.96 metre frontage to Antares Way and 16.28 metre frontage to Nestor Street, Athelstone.



Map 1: The allotment highlighted in orange indicates the property that is currently listed for sale

The property holds a 1970s style dwelling, which seems to be in reasonable condition with no sign of any recent improvements or maintenance. The marketing strategy for the property provides no notable advice in regards to the dwelling, suggesting that the building may be in need of much attention or indeed is ripe for demolition.

Recent Land sales data for the City of Campbelltown area, and in particular the suburb of Athelstone, range from $700 to $1,050 per square metre. Taking an average of $875 per square metre it is presumed that an asking price may be in excess of $600,000. This price is for the land component part of the property, should the dwelling be habitable and in reasonable condition, then a further $200,000 would not be unreasonable in determining its value.

Considering the land has potential to be subdivided into 2 (two) allotments, this may be an attractive proposition for a developer. It is presumed therefore that an asking price of $750,000 - $850,000 would be sought. The selling agents who have not put a price on a property for sale, are obliged to provide advice to potential purchasers to make the best offer and on Staff's inquiry have indicated just that and they will not provide a price range unless the owner instructs the agent to do so.

The existing Padulesi Park, approximately 21,709 square metres in size is considered a considerable reserve which, if provided with a further 677 square metres, would add little value or benefit to the overall existing open space already provided.

Presuming a purchase price at the lower end of the range of $750,000, there would be added costs estimated to be $50,000 for stamp duty and statutory fees.

Should the dwelling be in such a state of disrepair or Council's preference is to return the site to vacant land for use as open space, then costs of demolition and services deletion would be incurred totalling $30,000 meaning a potential land purchase would cost Council in the order of $830,000. This cost excludes any additional cost to reinstate the land as open space (eg establishing grass areas, irrigation and plants).

Staff consider the land offering of no or minimal strategic value due to large amounts of open space in this locality. However should Council consider value in the land, it may delegate the Chief Executive Officer, as required by its Procurement Policy, to commence negotiations with the selling agent. Negotiations should be based on a value determined by an independent valuation, however recent valuation reports rely heavily on recent sales data for similar properties (provided earlier in this report).

Social Implications

Although the potential purchase of this land holding will provide an addition 677 square metres to the overall open space already provided by Padulesi Park, Antares Way.
The enhancement for Community life and improved Community wellbeing can be argued against though as the existing reserve is already of a large size with good Community facilities.

Environmental Implications

Council may wish to establish the land as open space land including the installation of irrigation, plants and grass areas should Council wish to purchase this land.

Asset Management Implications

Based on the assumption that the house would be demolished, there are no asset management implications in relation to this report. However, Could would need to maintain the land as additional reserve space.

Governance / Risk Management

There are no governance / risk management implications in relation to this report.

Community Engagement

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

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

Council allocates $250,000 annually for strategic land purchases with a total fund to date being approximately $504,000. This fund could be used to purchase this property should Council deem it required. Council could also seek funding from the Open Space Fund to potentially offset the purchase price.

Although the purchase would be for land only, there will be minimal depreciation cost for establishment of the land as open space through any new assets that need to be installed, such as irrigation, park furniture etc. Further to the depreciation cost, there would be additional recurrent costs to maintain the parcel should Council choose to purchase the property.

Recommendation

That Council resolve not to purchase the property at 14 Antares Way, Athelstone as it would add little benefit to the Community as an additional open space at this location.
