Confidential Item

CAMPBELLTOWN CITY COUNCIL

Confidential Item

For Council meeting to be held on

Tuesday 19 May 2020 at 7.00 pm

Refer Item 11.9

Confidential Item

11.9 Land Purchase

Property Officer, Mario Scalzi's Report

Purpose of Report

To provide advice to Council on a proposal presented to Council to purchase a portion of land adjacent a Council property.

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

Council may recall considering a Motion on Notice at its 23 September 2019 meeting, which sought Council approval:

> 'That Council take all reasonable steps to purchase the property known as 'Woodforde House' located at 10 Melory Crescent, Magill.'

Relevant property related information was provided to Council from the Property Officer and the Team Leader Policy and Administration in regards to the legal status of the property and the condition of the State Heritage listed dwelling on the site.

After relevant consideration, Council was presented with a Motion that:

> 'Council take all reasonable steps to purchase the property known as 'Woodforde House' located at 10 Melory Crescent, Magill and that the Chief Executive Officer be authorised to negotiate a sale price up to a maximum of $1.5 million prior to auction and if that is not accepted up to $1.75 million at auction.'

This Motion was Lost and no further action was taken.

Since that resolution, the Chief Executive Officer and Property Officer have been approached by Mr John Zerella, acting on behalf of the owners of the property, to meet and further gauge Council's interest of the property.

At a meeting held on 17 October 2019 with Mr Zerella and a family member, the Chief Executive Officer provided advice on Council's resolution.

Mr Zerella then sought to propose to Council that the family were prepared to offer Council a portion of the land for potential purchase. Council's Chief Executive Officer advised that any such proposal would be referred to Council for further consideration.

Mr Zerella has now provided Council with a proposition to consider the purchase of a portion of vacant land at the rear of the property, which abuts Council's reserve at 10 Pulford Grove, Magill.

Staff have undertaken their due diligence and obtained a valuation report on the land and submit the following details for Council's consideration of the proposal.

Discussion

A proposal to offer Council a portion of land has now been received from Mr Zerella which offers Council a portion of the land adjacent to Council's 'reserve' land known as Allotment 52 Pulford Grove, Magill.

The property known as 10 Melory Crescent, Magill, which holds the State Heritage listed 'Woodforde House', sits on two Certificate of Titles with legal descriptions of Certificate of Title Vol 5607 Folio 772, Allotment 14 and Certificate of Title Vol 5554 Folio 285, Allotment 53.

Allotment 53 forms part of the property, which has a common boundary with Council's Allotment 52 in Pulford Grove, Magill.

The proposal presented to Council by Mr Zerella is to realign the existing eastern boundary of Allotment 53 (see attached plan) and offer the piece of land, approximately 300 square metres, adjacent to Council's property to Council for purchase.

With this proposal in hand, Staff sought the advice of a qualified land consultant and valuer to provide advice on the nature of the land and a market valuation. The advice received confirmed the following important information for Council's consideration of any potential purchase:

- The subject property forms part of a larger land holding which is inclusive of two (2) Certificates of Title with dual street frontages.

- The proposed land forms part of the western portion of the parent holding with a frontage to Pulford Grove through a free and unrestricted right of way over the land marked 'C'.

- The land offering has been calculated at approximately 292 square metres, is currently disposed as portion of the rear yard/garden area associated with the dwellings, and includes established flora with significant trees. The subject land is irregular in shape and appears to have an east west cross fall. The property appears to be in a Flood Zone and is therefore considered to have limited utility.

- The significant trees and flood zone is considered the primary features and on this basis, the value of the land is considered to be low and more specifically the land only has value as undevelopable land associated with the parent title.

- The land is also deemed to have a low development value and deemed unappealing to adjoining landowners to the east and west (not including the Council).

With these elements of the land holding being taken into consideration, among other things, it was difficult to derive comparable land sales, so by necessity the value of the land is based on sales of more traditional vacant allotment in the general area and then the value discounted based on the restricted utility of the land.

The valuation report, considering all matters has provided evidence of sales of land in the general locality being in the range of $942 and $1047 per square metre.

In regards to the shape, topography, flood impacts and significant trees, the valuer has determined a fair nominal square metre rate for the land to be $200 per square metre for this portion of land, equating to a value of $60,000 for the land holding.

In accordance with Council's Procurement Policy, and in particular Section 6.21 - Purchase of Land, for this matter to proceed Staff would need to seek direction from Council.

Where an opportunity arises to purchase a parcel of land adjacent an existing Council land holding, Staff 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.

A price range was sought by the valuation report with all matters taken into consideration for its determination and in particular the limitations on the use of the land for any strategic purposes.

With the valuation process being undertaken, and Mr Zerella being in constant contact for any advice on the progress of this matter, Mr Zerella made an offer for the sale of the land to Council.

The offer was based on his assumption for the land being $500 per square metre, (in his opinion well under market value) for the 300 square metres totalling $150,000 excluding all costs associated with a sale which would need to be borne by Council, potentially adding a further $20,000.

Council provided advice to Mr Zerella that a valuation report for the land was arranged, and considering all matters including the vital strategic value for the land, the value for the land is significantly lower and any potential purchase by Council would exclude any transfer costs or stamp duty.

Furthermore, Council sought advice from Mr Zerella into a possibility that a 'right of way' in favour of Council be provided over the parent land holding (10 Melory Crescent, Magill) for vehicular access should the need arise for Council to enter the land for any purpose.

Mr Zerella's counter offer on being provided this advice was to offer Council the land for $100,000 excluding costs and the possibility of offering a 'right of way' should that right of way not hinder the future sale of the parent land holding.

Staff, as having minimal value for Council in respect of increasing its usable open space, consider the land offering of no or minimal value.

The land offering will not provide easy access to Council's existing drainage reserve and creek land due to its topography and the land has a concentration of trees, some being significant, which restricts any use of the land, and in Staff's opinion holds little or no value.

Should Council consider value in the land, it is prudent to take the valuation and land report into full consideration, and should an offer be forthcoming, delegate the Chief Executive Officer, as required by its Procurement Policy to commence negotiations.

Negotiations should be based on a value of $60,000 less any costs associated with the purchase and with the inclusion of a suitable right of way over the parent land holding for Council's access to the land.

Social Implications

The potential purchase of this land holding may resolve an issue for the landowners in reducing the land size for sale and working with Council to achieve a win for the Community in providing additional open space.

The enhancement for Community life and improve Community wellbeing can be argued against though as the land is very limited in its use.

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, however the likelihood of Council contributing financial and physical support for maintaining the land will need consideration.

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.

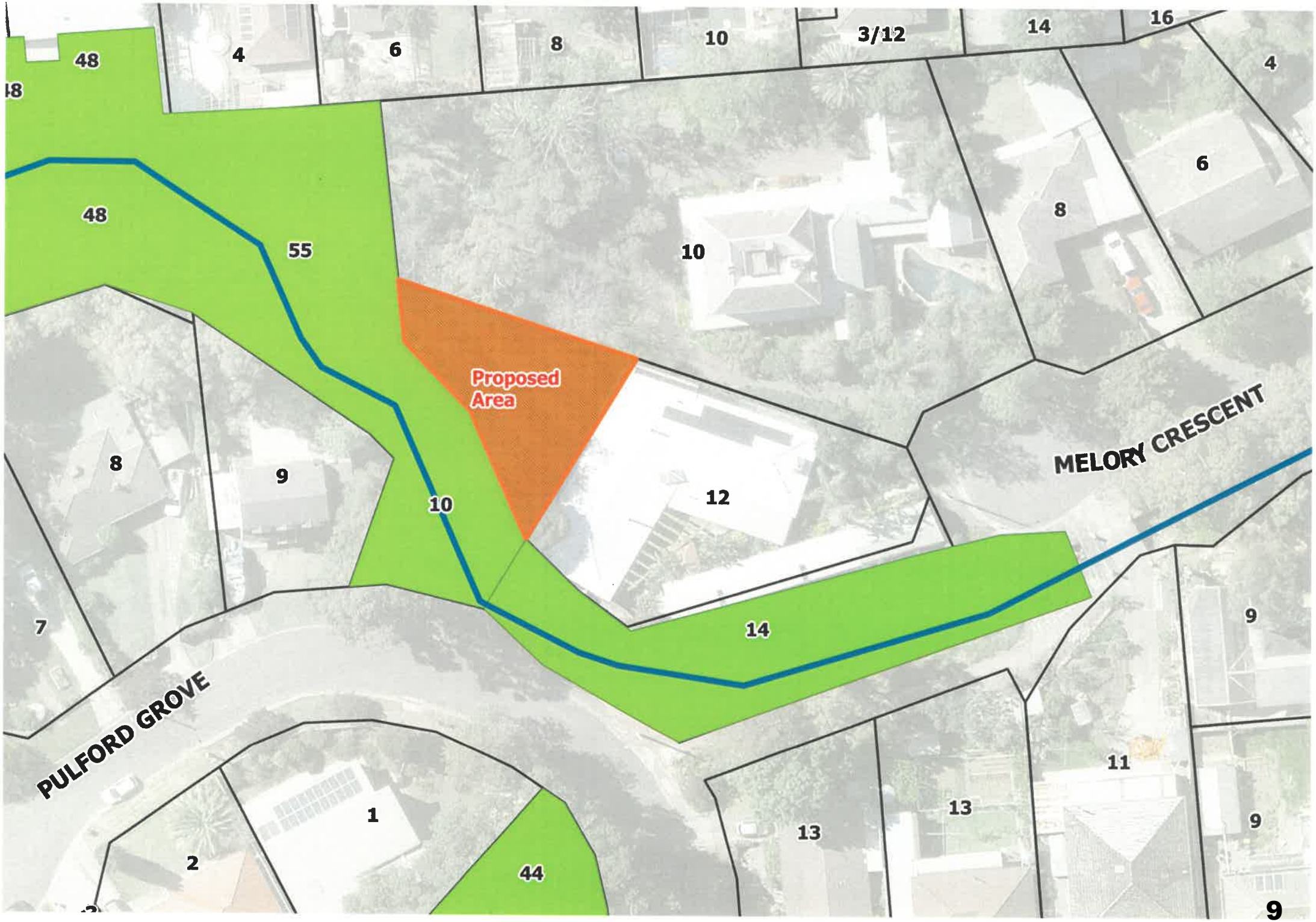
Financial Implications

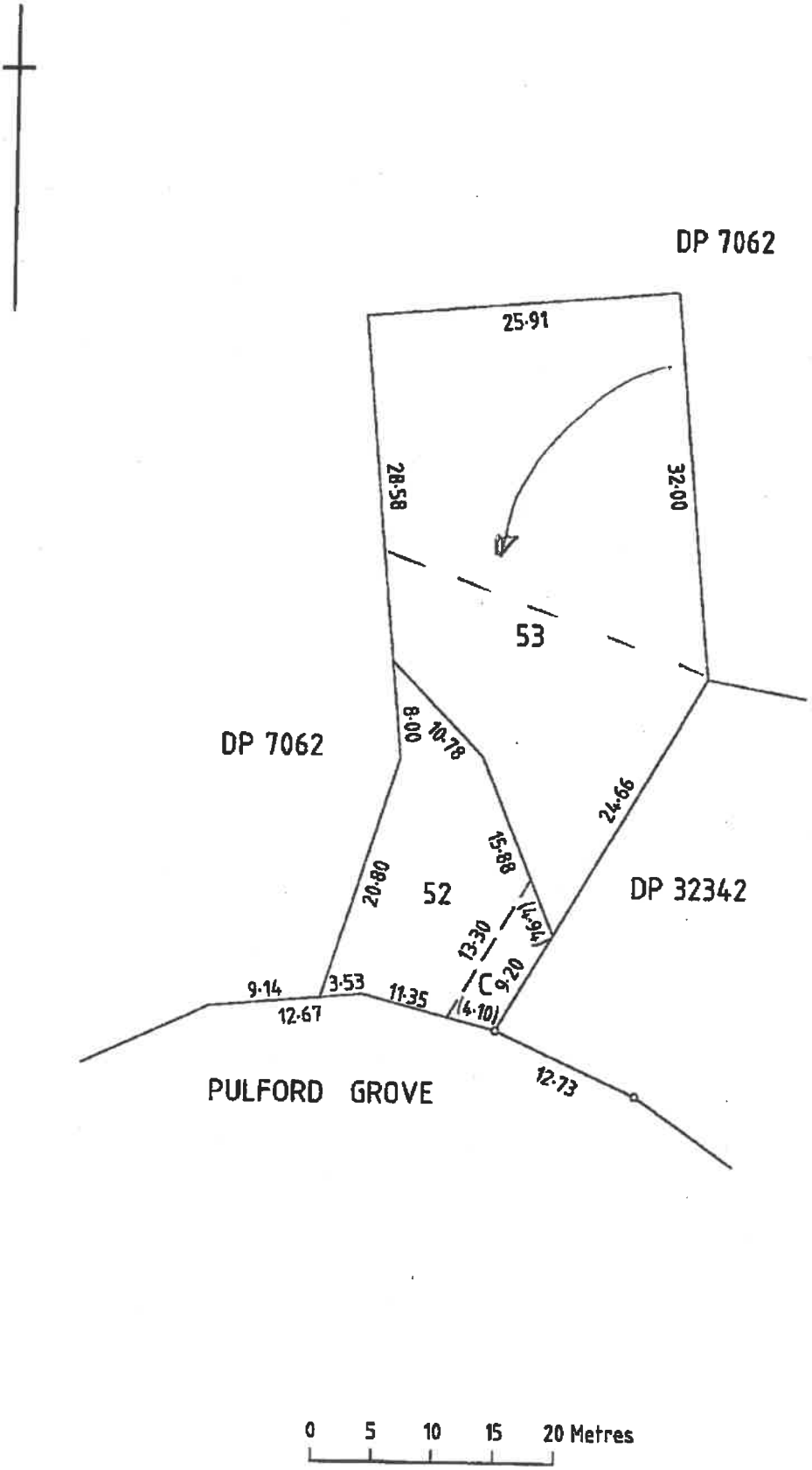
Council has no funding set aside for this purchase. Should Council choose to acquire the land, it could consider using its existing cash and investments to cover the acquisition. Any budget allocation would be classified as Capital New.

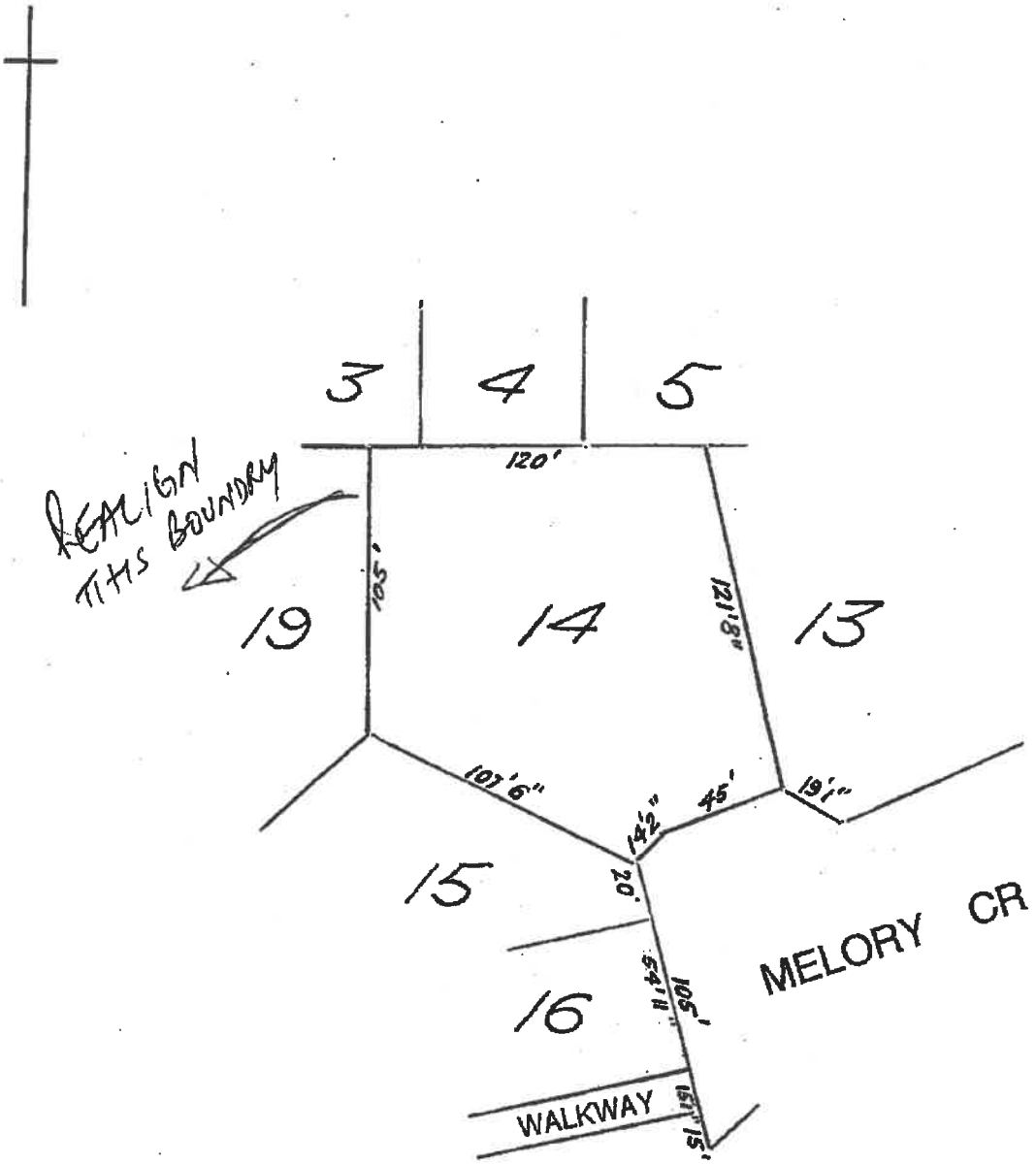
As the purchase would be for land only, there is no future depreciation costs, however there would be additional recurrent costs to maintain the parcel should Council chose to purchase the property.

Recommendation

That Council advise Mr John Zerella, representative for the owners of 10 Melory Crescent, Magill, that after full consideration of the offer to purchase portion of the property, Council does not wish to purchase this portion of land.


48
4
6
8
10
3/12
14
16
4
48
48
55
10
8
6
Proposed
Area
MELORY CRESCENT
8
9
10
12
7
14
9
PULFORD GROVE
1
2
44
13
13
11
9


DP 7062
25·91
28·58
32·00
53
DP 7062
8·00
10·78
24·66
15·88
20·80
52
DP 32342
14·94
13·30
9·20
(4·10)
9·14
3·53
11·35
12·67
12·73
PULFORD GROVE
0 5 10 15 20 Metres



DISTANCES ARE IN FEET AND INCHES FOR METRIC CONVERSION
1 FOOT = 0·3048 METRES
1 INCH = 0·0254 METRES

Attachment





