Confidential Item

CAMPBELLTOWN CITY COUNCIL

Confidential Item

For Council meeting to be held on

Tuesday 15 October 2024 at 7:00 pm

Refer Item 11.6

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Confidential Item

11.6 Strategic Land Purchase Report

Team Leader Economic Development, Dr Emily Moskwa &
Property Officer, Sarah Hutchinson's Report

Purpose of Report

To present Council with information and the opportunity to explore a strategic land purchase for additional open space in Hectorville.

Strategic Plan Link

Focus Area 3.4.2 Manage and enhance Council's reserves, streetscapes and open space to enhance liveability and protect natural areas

Previous Council/Committee Resolution

At its meeting on 4 June 2019, Council resolved:

> 'That Council:
>
> 1. allocate $250,000 per year in the Annual Business Plan and Budget for Strategic Land Acquisition for the purpose of open space development as opportunities arise
>
> 2. request Staff to reflect this decision when updating the Long Term Financial Plan
>
> 3. authorise the Chief Executive Officer to continue advocating to the Minister, local Members of Parliament and through a motion to the Local Government Association for a fairer allocation of funding from the subdivision of land under 20 allotments'.

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

A large 6,058sqm portion of land which currently contains two dwellings, located at 37 East Street, Hectorville has become available for sale. This presents a strategic land purchase opportunity for Council to consider, as it is rare that such a large parcel of land has become available in this built-up area.

Acquiring the land would provide an opportunity for Council to improve the level of open space in Hectorville, the suburb with the least amount of open space in the City.

Purchase of the land would enable Council to create high quality level open space for use by the growing population of Hectorville (and surrounding areas). The size of the reserve has the potential to increase the recreation and biodiversity values at this locality.

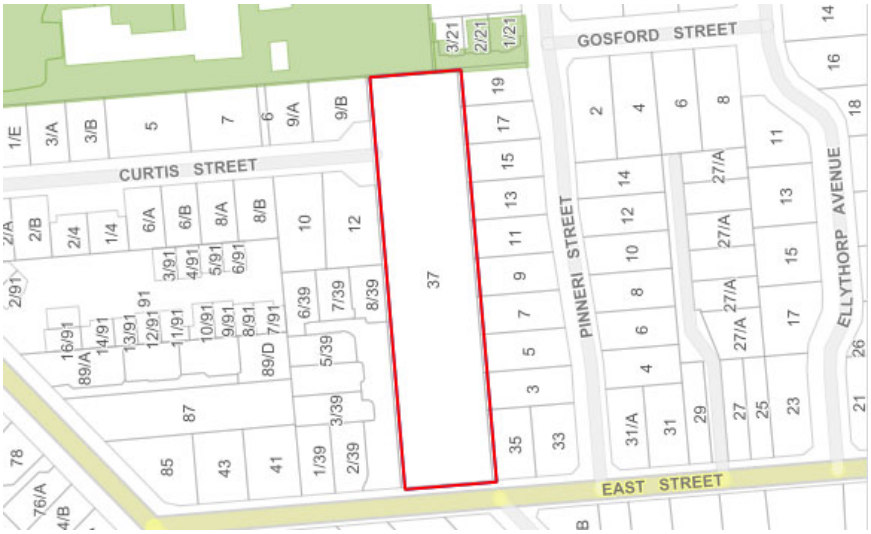
The listing Agent has now confirmed they are seeking offers by 2 pm on 23 October 2024.

Discussion

The Land

The land (Allotment 86, Filed Plan 134437 Volume 5830 Folio 618) is approximately 6,058m^2 with a street frontage of 37.72m and depth of 160.93m. The land is zoned as General Neighbourhood and contains two dwellings with an attached Market Garden.

General Neighbourhood zoning primarily accommodates residential development, being defined as land that is principally envisaged to facilitate 'residential development including dwelling additions and associated minor structures like sheds, garages and shade structures'. There is also scope for Community activities within the zone, however acceptability depends on the circumstances, scale and locational factors that aim to ensure residential amenity is retained.



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While the main frontage is on East Street, there is also access to the site from Curtis Street. The image above shows these access points along with the density of housing in the immediate vicinity, which is a combination of private dwellings and Housing SA properties.

Land Value

It is a rare find to see a property of this size on the market and there are not many comparable recent sales on record. Staff have derived information from realestate.com and other land sales within the past 18 months in surrounding suburbs; two comparable sales sold for $309 and $519 per square metre (these properties were 4,050 sqm and 9,700 sqm respectively in size).

An estimated value of 37 East Street, Hectorville based on comparable recent sales data, values the land between $1.9 million - $3.2 million. However, Staff have obtained an independent opinion on the market sale value from an alternate Agent, who believes this property could have the potential to reach a sale value of up to 7.2 million (based on $1,200 per sqm).

The Valuer-General's latest capital value for the land is $570,000 for 2024/2025 financial year, however, this figure clearly does not reflect the size, location, potential future use nor rarity of the property and was based on the land being classified as Primary Production Land.

In addition to the two dwellings on this land and the Market Garden, there is an SA Power Networks easement at the front of the land. The listing agent advised that there are no other easements on the property.

Potential Use

Planning Staff have also received a very high-level development application to create 21 allotments on this parcel of land.

As the popularity of Hectorville continues to grow and housing density increases, the demand and access to quality open space is becoming more and more important. Council acquiring the land would provide more public open space for residents and visitors to enjoy and/or facilitate space for Council to strengthen the existing biodiversity values of this land.

Should Council decide to purchase 37 East Street, Hectorville, Council would need to determine whether the parcel of land should become Community Land prior to purchase (in accordance with Local Government Act requirements).

Council's Open Space Strategy

Council's Open Space Directions and Strategies Report identifies the strategic direction to address the gaps in open space provision through land acquisition and/or improvements to existing parks and reserves where the provision is limited.

Open Space refers to all Community land as defined in the South Australian Local Government Act 1999 including sports grounds, recreation parks, creek lines, natural and biodiversity areas, drainage areas and streetscapes. The ideal provision of open space is often proposed to be 3 hectares per 1,000 persons (excluding natural areas). The City of Campbelltown provides well above this recommendation with an average of over 6 ha/1,000 persons (excluding natural areas).

Whilst the overall amount of open space is high, it is vital to consider the balance of open space provision across the City. The Open Space Directions and Strategies Report highlights a lack of open space in some parts of the City (noted below in priority order); with Hectorville having the least amount of open space:

- Hectorville
- Campbelltown (southern and central parts)
- Tranmere (north)
- Rostrevor (south-west).

Elected Members should also note that not all open space supports Community use in a practical way (eg some creek line or drainage lands are considered to be excluded natural areas as they require a greater focus on landscape and flood management, and some streetscape lands comprise vegetation buffers that are inaccessible to the Community). The following table highlights the lack of open space in Hectorville when all open space (excluding natural areas) is compared to 'usable open space'.

Suburb	**Open Space (ha/1000 persons)**	**'Usable' Open Space (ha/1000 persons)**
Hectorville	2.2	0.9
Southern-central Campbelltown	2.3	1.2
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

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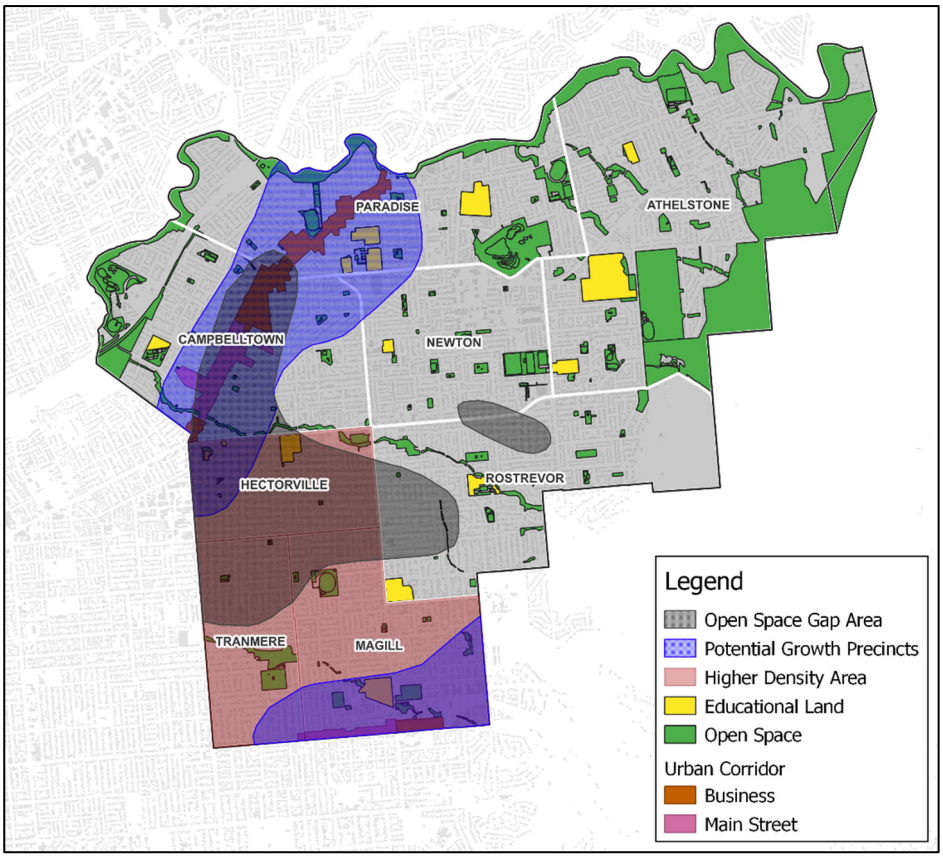

As can be seen above, the site in Hectorville is within both an open space gap area and a high density area and adjacent to a potential growth precinct.

Staff recommend that Council consider the following two options:

1. To pursue purchase of the land to create much needed public useable open space within Hectorville and confirm whether the land should be considered as Community land or not and how much it is willing to pay for the property; or

2. Do not purchase the land however continue to explore other opportunities for open space land acquisition in the Council area, particularly in areas of low usable open space opportunity.

If Council supports Option 1, then Staff would recommend that Council should resolve the following:

1. agrees that the purchase of 37 East Street, Hectorville would be a good strategic land purchase for Council to improve it usable open space holdings in Hectorville

2. delegates authority for the CEO to undertake negotiations and seek an option to purchase the property to a maximum value of $x,xxx,xxx (exc GST)

3. exclude/include 37 East Street, Hectorville in Council's Community Land provisions if purchased

4. Delegate to the Chief Executive Officer the opportunity to negotiate suitable settlement terms (including rental options) to meet Council's objectives.

Social Implications

Access to adequate (quality and quantity of) public open space is critical to supporting liveable and healthy communities, particularly in the context of increasing residential infill in the Council area.

Environmental / Climate Change Implications

Through the land purchase, additional plantings and landscaping could be undertaken to improve biodiversity and/or increase canopy cover levels.

Asset Management Implications

This potential addition of land to Council's open space would have a marginal impact on its Green Assets holding. 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 (if any) would need to be established before determining the impact on depreciation. There would be costs associated with maintaining the site which would depend on the main use of the space and whether any open space improvements were made, which in turn would have an impact on the existing maintenance budgets.

Governance / Risk Management

If Council wishes to exclude a land purchase from its Community land holdings, it must resolve this prior to purchase of the land in accordance with Section 193(4) of the Local Government Act 1999.

Community Engagement

The Community has told Council over many years of consultations that a highly valued part of the Council area is its trees, parks and recreation spaces. A lack of usable open space in the Hectorville area has also been raised by residents.

Regional Implications

There are no regional implications in relation to this report.

Economic Development Implications

Quality open space contributes to enhanced liveability and can make the area more attractive to potential residents and businesses, leading to increased property values and economic activity.

Financial Implications

There is no asking price nor price range that has been disclosed by the listing agent at this time. The agent has confirmed that a date for final bids will be set close to the end of October 2024 to allow all reasonable offers to be put forward.

Calculating the sold value per square metre of the recent sales data available for the properties between 4,050sqm – 9,700sqm, the property would be worth somewhere in the range of $1.9 million and $3.2 million. The value of open space to the Community of having such land may far outweigh any initial financial outlay.

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Recent property sales in Adelaide and suburbs have continued to display strength on the national stage. Staff believe that this property would sell at the higher end of this range, and potentially significantly higher due to the location and rarity of the land. It is likely that this property will be popular with potential developers (and the sale has been marketed to target developers) which could also increase the sale price significantly.

In discussions with the Agent working on behalf of Council, Staff believe due to the nature of the site and broad opportunities, Council may need to go as high as $7 million to get access as there is likely to be high developer interest.

Council could draw on funds from its Strategic Land Purchases budget line (the reserve currently holds $1,604,750). Elected Members should consider whether it is in Council's best interest to utilise this funding to purchase the land and the price they are willing to pay to secure the land. To fund the shortfall, Council would need to use its existing cash and investments.

As the property is classified as Primary Production, it would not be treated as qualifying land by Revenue SA, in the Stamp Duties Act 1923 and therefore, the purchase would attract stamp duty (approximately 5% of the purchase price). It should be noted that financial implications referenced in this report do not consider the cost of any improvements to the land (eg demolition and open space beautification).

While the 2022-2023 Open Space Grant Fund offered a grant round specifically for Land Purchases, the recently-closed 2023-2024 round did not have this focus. The next round is likely to be held in early 2025. Whilst a theme for the funding round has not been released and is unlikely to be timely for use towards this purchase, there may be scope for funding towards open space improvements through this or other grant opportunities if Council is successful in purchasing the property.

Recommendation

For Council's consideration.