



AGENDA

FOR STRATEGIC PROPERTY DEVELOPMENT SUB COMMITTEE MEETING TO BE HELD ON

16 JANUARY 2018 AT CONCLUSION OF THE CEO REVIEW COMMITTEE

IN COMMITTEE ROOMS, 12 JAMES STREET, SALISBURY

MEMBERS

Cr S White (Chairman)
Mayor G Aldridge (ex officio)
Cr G Caruso
Cr E Gill
Cr D Proleta
Cr S Reardon
Cr G Reynolds (Deputy Chairman)
Cr J Woodman
Cr R Zahra

REQUIRED STAFF

Chief Executive Officer, Mr J Harry
General Manager City Development, Mr T Sutcliffe
Manager Strategic Development Projects, Ms C Milton

APOLOGIES

An apology has been received from Cr J Woodman.

LEAVE OF ABSENCE

PRESENTATION OF MINUTES

Presentation of the Minutes of the Strategic Property Development Sub Committee Meeting held on 12 September 2017.

Presentation of the Minutes of the Confidential Strategic Property Development Sub Committee Meeting held on 12 September 2017.

REPORTS

SPDSC1 Tranche 1 Status Update Report..... 9
SPDSC2 Tranche 2 - Boardwalk at Greentree Project Update 15

OTHER BUSINESS

CONFIDENTIAL ITEMS

SPDSC3 Strategic Land Review Implementation Plan Bi-annual Update

Pursuant to section 83(5) of the *Local Government Act 1999* the Chief Executive Officer has indicated that, if Council so determines, this matter may be considered in confidence under Part 3 of the *Local Government Act 1999* on that grounds that:

1. *Pursuant to Section 90(2) and (3)(b)(i) and (b)(ii) of the Local Government Act 1999, the principle that the meeting should be conducted in a place open to the public has been outweighed in relation to this matter because:*
 - *it relates to information the disclosure of which could reasonably be expected to confer a commercial advantage on a person with whom the council is conducting, or proposing to conduct, business, or to prejudice the commercial position of the council; and*
 - *information the disclosure of which would, on balance, be contrary to the public interest.*
2. *In weighing up the factors related to disclosure,*
 - *disclosure of this matter to the public would demonstrate accountability and transparency of the Council's operations*
 - *To protect Council's commercial position retaining the confidentiality of report, attachments and resolutions will ensure that third parties do not receive an advantage that risks Council's commercial position and potential revenue return available from the project pipeline.*

*On that basis the public's interest is best served by not disclosing the **Strategic Land Review Implementation Plan Bi-annual Update** item and discussion at this point in time.*
3. *Pursuant to Section 90(2) of the Local Government Act 1999 it is recommended the Council orders that all members of the public, except staff of the City of Salisbury on duty in attendance, be excluded from attendance at the meeting for this Agenda Item.*

CLOSE



**MINUTES OF STRATEGIC PROPERTY DEVELOPMENT SUB COMMITTEE
MEETING HELD IN COMMITTEE ROOMS, 12 JAMES STREET, SALISBURY ON**

12 SEPTEMBER 2017

MEMBERS PRESENT

Mayor G Aldridge (ex officio)
Cr G Caruso
Cr E Gill
Cr D Proleta
Cr S Reardon
Cr G Reynolds (Deputy Chairman)
Cr J Woodman
Cr R Zahra
Cr Steve White (Chairman)

OBSERVERS

There were no Observers.

STAFF

Chief Executive Officer, Mr J Harry
General Manager City Development, Mr T Sutcliffe
Manager Strategic Development Projects, Ms C Milton
Personal Assistant to the General Manager Community Development,
Mrs B Hatswell
External: Connekt Urban Projects, Mr I Horne

The meeting commenced at 7:05 pm.

The Chairman welcomed the members, staff and the gallery to the meeting.

APOLOGIES

There were no Apologies.

LEAVE OF ABSENCE

Nil

PRESENTATION OF MINUTES

Moved Cr R Zahra
Seconded Mayor G Aldridge

The Minutes of the Strategic Property Development Sub Committee Meeting held on 14 June 2017, be taken and read as confirmed.

CARRIED

Moved Cr R Zahra
Seconded Cr D Proleta

The Minutes of the Confidential Strategic Property Development Sub Committee Meeting held on 14 June 2017, be taken and read as confirmed.

CARRIED

REPORTS

SPDSC1L Appointment of Deputy Chairman - Strategic Property Development Sub Committee

Moved Cr R Zahra
Seconded Cr D Proleta

1. Cr G Reynolds be appointed as Deputy Chairman of the Strategic Property Development Sub Committee for the remainder of the term of Council.

CARRIED

SPDSC2 Tranche 1 Status Update Report

Moved Cr E Gill
Seconded Cr J Woodman

1. That the report be received and the update on the status of the Tranche 1 program be noted.

CARRIED

OTHER BUSINESS

There was no Other Business.

CONFIDENTIAL ITEMS
SPDSC3 Tranche 2 - Boardwalk at Greentree Project Update

Moved Cr J Woodman
 Seconded Cr S Reardon

1. *Pursuant to Section 90(2) and (3)(b)(i) and (b)(ii) and (d)(i) and (d)(ii) of the Local Government Act 1999, the principle that the meeting should be conducted in a place open to the public has been outweighed in relation to this matter because:*
 - *it relates to information the disclosure of which could reasonably be expected to confer a commercial advantage on a person with whom the council is conducting, or proposing to conduct, business, or to prejudice the commercial position of the council; and*
 - *information the disclosure of which would, on balance, be contrary to the public interest; and*
 - *commercial information of a confidential nature (not being a trade secret) the disclosure of which could reasonably be expected to prejudice the commercial position of the person who supplied the information, or to confer a commercial advantage on a third party; and*
 - *commercial information of a confidential nature (not being a trade secret) the disclosure of which would, on balance, be contrary to the public interest.*
2. *In weighing up the factors related to disclosure,*
 - *disclosure of this matter to the public would demonstrate accountability and transparency of the Council's operations*
 - *Non-disclosure of this matter would protect Council's commercial position as public disclosure may provide third parties with a commercial advantage.*

*On that basis the public's interest is best served by not disclosing the **Tranche 2 - Boardwalk at Greentree Project Update** item and discussion at this point in time.*
3. *Pursuant to Section 90(2) of the Local Government Act 1999 it is recommended the Council orders that all members of the public, except staff of the City of Salisbury and Ian Horne, Connekt Urban Projects, on duty in attendance, be excluded from attendance at the meeting for this Agenda Item.*

CARRIED

The meeting moved into confidence at 7:14 pm.

The meeting moved out of confidence at 7:16 pm.

SPDSC4 Shoalhaven Strategic Development Project Update

Moved Cr S Reardon

Seconded Mayor G Aldridge

1. Pursuant to Section 90(2) and (3)(b)(i) and (b)(ii) and (d)(i) and (d)(ii) of the Local Government Act 1999, the principle that the meeting should be conducted in a place open to the public has been outweighed in relation to this matter because:

- it relates to information the disclosure of which could reasonably be expected to confer a commercial advantage on a person with whom the council is conducting, or proposing to conduct, business, or to prejudice the commercial position of the council; and

- information the disclosure of which would, on balance, be contrary to the public interest; and

- commercial information of a confidential nature (not being a trade secret) the disclosure of which could reasonably be expected to prejudice the commercial position of the person who supplied the information, or to confer a commercial advantage on a third party; and

- commercial information of a confidential nature (not being a trade secret) the disclosure of which would, on balance, be contrary to the public interest.

2. In weighing up the factors related to disclosure,

- disclosure of this matter to the public would demonstrate accountability and transparency of the Council's operations

- Non-disclosure of this matter would protect Council's commercial position as public disclosure may provide third parties with a commercial advantage

*On that basis the public's interest is best served by not disclosing the **Shoalhaven Strategic Development Project Update** item and discussion at this point in time.*

3. Pursuant to Section 90(2) of the Local Government Act 1999 it is recommended the Council orders that all members of the public, except staff of the City of Salisbury and Ian Horne, Connekt Urban Projects, on duty in attendance, be excluded from attendance at the meeting for this Agenda Item.

CARRIED

The meeting moved into confidence at 7:16 pm.

The meeting moved out of confidence at 7:32 pm.

SPDSC5 Hoyle Green Tranche 2 - Status Update Report

Moved Cr S Reardon

Seconded Cr E Gill

1. *Pursuant to Section 90(2) and (3)(b)(i) and (b)(ii) and (d)(i) and (d)(ii) of the Local Government Act 1999, the principle that the meeting should be conducted in a place open to the public has been outweighed in relation to this matter because:*

- it relates to information the disclosure of which could reasonably be expected to confer a commercial advantage on a person with whom the council is conducting, or proposing to conduct, business, or to prejudice the commercial position of the council; and

- information the disclosure of which would, on balance, be contrary to the public interest; and

- commercial information of a confidential nature (not being a trade secret) the disclosure of which could reasonably be expected to prejudice the commercial position of the person who supplied the information, or to confer a commercial advantage on a third party; and

- commercial information of a confidential nature (not being a trade secret) the disclosure of which would, on balance, be contrary to the public interest.

2. *In weighing up the factors related to disclosure,*

- disclosure of this matter to the public would demonstrate accountability and transparency of the Council's operations

- Non-disclosure of this matter would protect Council's commercial position as public disclosure may provide third parties with a commercial advantage

*On that basis the public's interest is best served by not disclosing the **Hoyle Green Tranche 2 - Status Update Report** item and discussion at this point in time.*

3. *Pursuant to Section 90(2) of the Local Government Act 1999 it is recommended the Council orders that all members of the public, except staff of the City of Salisbury and Ian Horne, Connekt Urban Projects, on duty in attendance, be excluded from attendance at the meeting for this Agenda Item.*

CARRIED

The meeting moved into confidence at 7:32 pm.

The meeting moved out of confidence at 7:34 pm.

SPDSC6 Lake Windemere Residential Update Report

Moved Cr G Caruso
Seconded Cr R Zahra

1. *Pursuant to Section 90(2) and (3)(b)(i) and (b)(ii) and (d)(i) and (d)(ii) of the Local Government Act 1999, the principle that the meeting should be conducted in a place open to the public has been outweighed in relation to this matter because:*
 - *it relates to information the disclosure of which could reasonably be expected to confer a commercial advantage on a person with whom the council is conducting, or proposing to conduct, business, or to prejudice the commercial position of the council; and*
 - *information the disclosure of which would, on balance, be contrary to the public interest; and*
 - *commercial information of a confidential nature (not being a trade secret) the disclosure of which could reasonably be expected to prejudice the commercial position of the person who supplied the information, or to confer a commercial advantage on a third party; and*
 - *commercial information of a confidential nature (not being a trade secret) the disclosure of which would, on balance, be contrary to the public interest.*
2. *In weighing up the factors related to disclosure,*
 - *disclosure of this matter to the public would demonstrate accountability and transparency of the Council's operations*
 - *Non-disclosure of this matter would protect Council's commercial position as public disclosure may provide third parties with a commercial advantage*

*On that basis the public's interest is best served by not disclosing the **Lake Windemere Residential Update Report** item and discussion at this point in time.*
3. *Pursuant to Section 90(2) of the Local Government Act 1999 it is recommended the Council orders that all members of the public, except staff of the City of Salisbury and Ian Horne, Connekt Urban Projects, on duty in attendance, be excluded from attendance at the meeting for this Agenda Item.*

CARRIED

The meeting moved into confidence at 7:34 pm.

The meeting moved out of confidence at 7:48 pm.

CLOSE

The meeting closed at 7:48 pm.

CHAIRMAN.....

DATE.....

ITEM	SPDSC1
	STRATEGIC PROPERTY DEVELOPMENT SUB COMMITTEE
DATE	16 January 2018
HEADING	Tranche 1 Status Update Report
AUTHOR	Chantal Milton, Manager Strategic Development Projects, City Development
CITY PLAN LINKS	1.4 Have well planned urban growth that stimulates investment and facilitates greater housing and employment choice. 3.2 Have interesting places where people want to be. 3.4 Be a proud, accessible and welcoming community.
SUMMARY	This regular status update report summarises the key performance indicators of project costs, sales revenue and gross margin on costs (excl. land cost) across the program of Tranche 1 projects.

RECOMMENDATION

1. That the report be received and the update on the status of the Tranche 1 program be noted.

ATTACHMENTS

There are no attachments to this report.

1. BACKGROUND

- 1.1 Council is undertaking residential subdivision developments across a number of projects under Tranche 1. Further the upgrade of Walpole Road is also part of the Tranche 1 program of works.

Project Name	Current Project Stage
Walpole Road Stage 1, Paralowie - Trading as "Greentree Walk"	Stage 6 – Close Out
Ryans Road, Parafield Gardens – Trading as "Emerald Green"	Stage 3 – Project Delivery
Diment Road, Salisbury North – Trading as "The Reserve"	Stage 6 – Close Out
Walpole Road Stage 2, Parafield Gardens – Trading as "Riverwalk"	Stage 6 – Close Out
Walpole Road Upgrade	Stage 6 – Close Out

2. REPORT

PROGRAM SUMMARY – January 2018

Item SPDSC1

Tranche 1 Summary	Program	Council Endorsed Budget BR1 16/17(1)	Previous Forecast Septemer 2017	Current Forecast January 2018	Percentage Change from Endorsed Budget
Project Cost		\$20,748,275	\$20,748,275	\$20,748,275	0.0%
Sales Revenue		\$35,686,295	\$35,686,295	\$35,686,295	0.0%
Commonwealth Grant Revenue	HAF	\$2,310,000	\$2,310,000	\$2,310,000	0.0%
Rebates Revenue		\$208,344	\$208,344	\$208,344	0.0%
Net Proceeds on Cost (excl. Land Cost)		\$17,456,364	\$17,456,364	\$17,456,364	0.0%

(1) *Council Endorsed Budget – includes land sales revenue, project costs to produce assets - some of which Council will retain ownership (footpaths, drainage) - plus sales/marketing and holding costs and, as of Budget Review 3 14/15, the costs associated with the provision of the HAF Grant to purchasers.*

(2) *In respect to endorsed gross project revenue, this is a total project revenue not representing revenue for any one financial year.*

2.1 All lots within Tranche 1 are now sold and settled with the last allotment in the four projects settling in The Reserve on 21 December 2017. This is a major milestone for the Strategic Development Projects with the full completion of the sales of the first projects delivering a total of 244 allotments.

2.2 As previously reported in June 2017 (Item SPDSC1, Strategic Property Development Sub Committee 14/07/17) full reconciliation of Housing Affordability Fund (HAF) Grants delivered on the projects identified a grant that was not paid out at Emerald Green, Ryans Road. Council is obligated to demonstrate the return of the full grant sum to purchasers at settlement. As a result this additional HAF grant, with a value of \$12,000 was transferred from Emerald Green to the Diment Road project and paid out on the last project settlement. The transfer of the HAF revenue and associated costs provides no net change to the overall Tranche 1 program and adjustment between the two project budgets will be reported and actioned as part of the project close-out process.

2.3 Due to the indigenous discovery, final reserve landscaping associated within the indigenous reserve is still to be completed in Emerald Green, Ryans Road, for Tranche 1 to reach the status of full delivery. It is forecast that the indigenous reserve landscaping will be completed in early 2018 in the autumn planting season. Final landscape drawings have been completed and final engagement with Council's Reconciliation Action Plan Working Group and KNCHA representatives is underway, prior to procurement of a landscape contractor.

- 2.4 As previously reported in July 2017 (Item 2.6.2, Works and Services Committee, 17/07/2017), the extension of Mallee Road, Paralowie that connects Greentree Walk to the adjacent private land development Park Estate has commenced construction by the private development's construction company. This road connection, joint funded between the private developer and Council through agreed funding terms, will deliver this critical connection for both vehicles and pedestrians between the two projects.

3. PROJECT CLOSE OUT

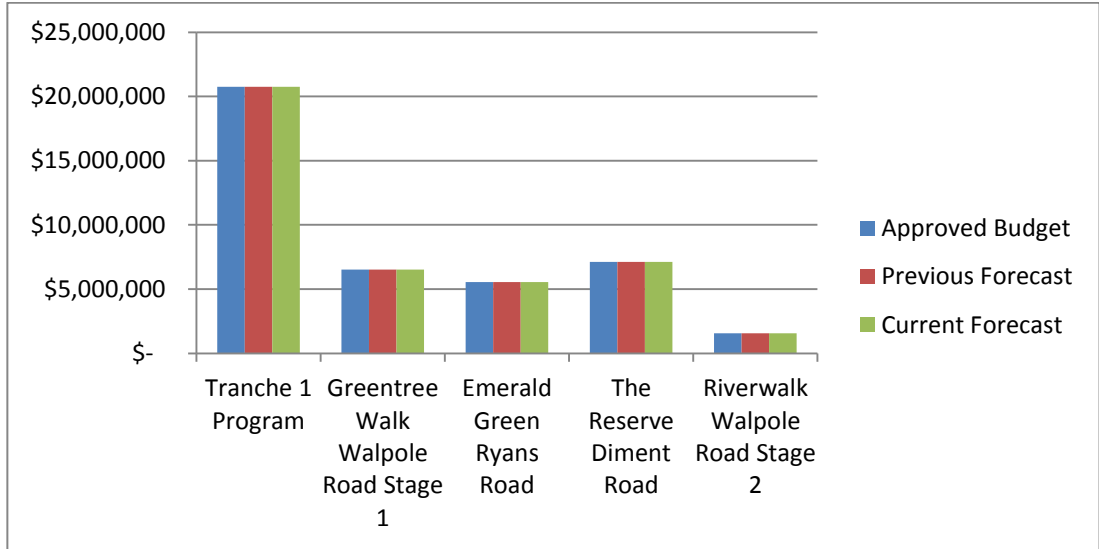
- 3.1 Detailed project completion reports will be undertaken for all of the Tranche 1 projects to assess the relative success of the projects against the original objectives and feasibility assumptions and identify lessons learnt that can inform the feasibility and delivery model for future strategic development projects delivered by the City of Salisbury.
- 3.2 The close-out reports will be produced in three parts :
- 3.2.1 Part 1 - A project summary completion report that is available for public distribution, that will include project achievements, background, timeline, high level financial returns, partnerships and grants, achievements against project objectives, community market feedback, encumbrance and design guideline review, project collateral, media and imagery and general project lessons learnt.
- 3.2.2 Part 2 - Sales and financial report that will be presented confidentially to protect Council's intellectual property and market intelligence. This report will include a range of benchmark figures for expenditure and sales that will be used to forecast future project feasibilities.
- 3.2.3 Part 3 - Administrative process review for internal distribution only
- 3.3 As part of the project close-out reconciliations, we are currently completing a due diligence review of both the budgets and actual expenditure of the Tranche 1 Projects, with a particular emphasis on ensuring that the sales and grant revenue budgets have been formulated in alignment with the GST legislation. We do not expect this to have any consequences to purchasers; rather we are ensuring our internal budgets have been formulated correctly, particularly due to the inherent complexity involved with projects of this nature.
- 3.4 Council's Finance Division continues to work to prepare a formal request for the submission to the Australian Tax Department in relation to the standard GST margin scheme as it applies to the developments, following advice that the concessional rate does not apply. The same calculations adopted for Boardwalk at Greentree as reported in (SPDSC5, Strategic Property Development Sub Committee 12/07/17) will be applied across the Tranche 1 projects. Subject to the outcome of the application there may be a further increase in the net proceeds, resulting in further program upside across all four Tranche 1 projects that will be reported as part of the project close-out reports.

Assumptions:

- GST on revenue has been determined at the full rate pending resolution of the application of the margin scheme based on the advice received from our taxation advisors.

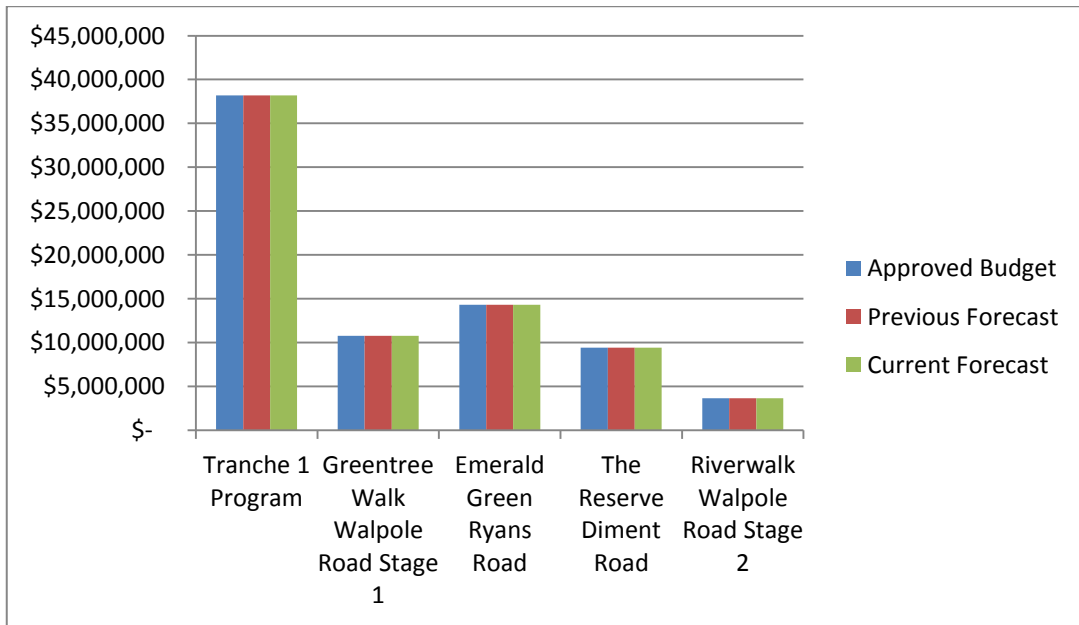
4. COSTS

4.1 The graph below illustrates the cost forecast to complete development against the current approved budget and previous forecast. Note that the costs exclude land value. There has been no change in program cost forecasts since the last update report in September 2017 with a final reconciliation to be undertaken as part of the project close-out reports.



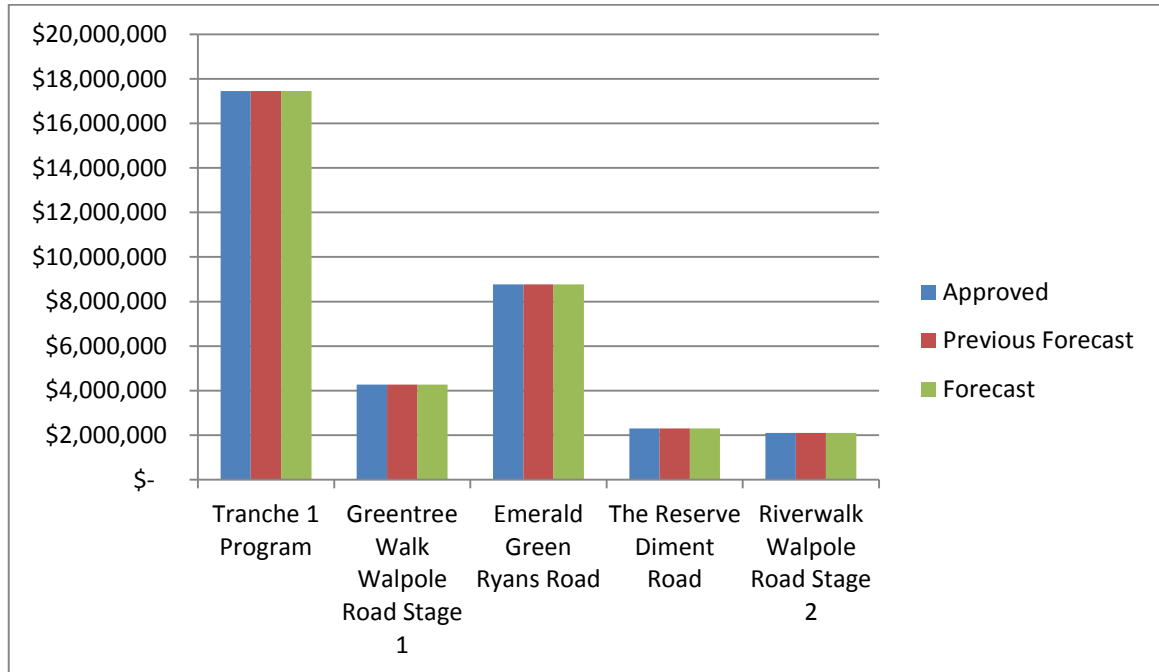
4 REVENUE

4.1 No further revenue lift will be delivered on the Tranche 1 projects (outside any forecast revenue as a result of the resolution of the GST Margin Scheme addressed in section 2.4), with all lots now contracted.



5. NET PROCEEDS ON COST (EXCLUDING LAND COST)

5.1 The graph below illustrates that the forecast gross margin for the Tranche 1 program is reporting no change from the previous forecast in December. There has been no change in program net proceeds since the last update report in September 2017 with a final reconciliation to be undertaken at part of the project close-out report.



6. WALPOLE ROAD UPGRADE – STATUS UPDATE

- 6.1 Civil Construction is complete for the full road reconstruction of Walpole Road between Greentree Boulevard and Melvina Road. Final Completion of landscaping is currently being negotiated due to the damage resulting from recent civil construction from private development projects; responsibility for rectification of damaged verges is currently being negotiated between the parties prior to Final Completion.
- 6.2 Works required to Greentree Boulevard as a detour during the construction of the Kings/Bolivar/Port Wakefield Roads intersection upgrade by DPTI are still to be re-instated; this work is at DPTI’s cost with a decision made to defer completion until adjacent private subdivision works are complete. These projects are now complete, and final rectification works are being negotiated by City Infrastructure.
- 6.3 The project has reached Final Completion for civil works on 9 November 2016 and final security to the contractor has been released. A SAPN rebate of \$5,159 is also due at Final Completion that will be returned as additional revenue returned through the project budget close-out.
- 6.4 It is expected that there will be some expenditure savings against the project which has come in under the allocated contingencies and will be reported as part of the balance Tranche 1 reconciliations.

7. CONCLUSION

- 7.1 The nature of Strategic Development Projects means that projects extend over multiple financial years including both expenditure and income with forecasting updated regularly to respond to actual project costs and market conditions.
- 7.2 It is anticipated that the first three project close-out reports for Riverwalk, Greentree Walk and The Reserve, Diment Road along with the Walpole Road Upgrade report will be completed for reporting to Council via the Strategic Property Development Sub-Committee in March 2018, which will support the close-out and adjustment to the project budgets prior to the end of the 17/18 financial year. Emerald Green will be closed out separately following completion of landscape works and the associated defects/maintenance period.

CO-ORDINATION

Officer: EXECUTIVE GROUP

Date: 09.01.18

ITEM	SPDSC2
	STRATEGIC PROPERTY DEVELOPMENT SUB COMMITTEE
DATE	16 January 2018
HEADING	Tranche 2 - Boardwalk at Greentree Project Update
AUTHOR	Chantal Milton, Manager Strategic Development Projects, City Development
CITY PLAN LINKS	1.4 Have well planned urban growth that stimulates investment and facilitates greater housing and employment choice.
SUMMARY	This report summarises the current status of the first Tranche 2 Strategic Development Projects to reach construction delivery and sales, Boardwalk at Greentree (Walpole Road Stage 3).

RECOMMENDATION

1. That the report be received and the update on the project delivery status for Boardwalk at Greentree, Walpole Road Stage 3, be noted.

ATTACHMENTS

This document should be read in conjunction with the following attachments:

1. Boardwalk Status Plan

1. BACKGROUND

- 1.1 Council is undertaking a number of residential subdivision opportunities identified as Tranche 2, scheduled to follow on from the Tranche 1 program currently in the stage of final project completion. This report provides an update on the first of these projects to reach construction delivery and sales, Boardwalk at Greentree (Walpole Road Stage 3)
- 1.2 The current status of Boardwalk at Greentree is:

Project Name	Scope of Project	Project Status
Walpole Rd Stage 3, Paralowie (Boardwalk at Greentree)	Project civil construction complete and landscape construction substantially advanced, sales commenced and first project settlements occurred in late August 2016.	Stage 4 – Project Sales

- 1.3 Updates on the current status of the balance of the Tranche 2 projects, Hoyle Green and Lake Windermere are provided as part of agenda item SPDSC1, Strategic Land Review Implementation Plan Bi-annual Update, 16/01/2018.

2. REPORT

- 2.1 Since the last update report in September 2017, progress has continued at Boardwalk at Greentree with 70% of the project sold and over 54% of the homes under construction as of 2 January 2018. The project's first resident moved into their new home in early March 2017, and currently 36% of the project allotments have completed construction with residents moving into their new home.
- 2.2 Since settlements commenced on the project in late August 2016, as of 2 January 2018, the project had achieved 55 settlements with a net value of \$10.65 million being received.
- 2.3 The status of revenue and costs for the whole of life project for Boardwalk at Greentree is summarised in the attached table.

Boardwalk at Greentree Project Summary	Council Endorsed Budget BR1 17/18(1)	Current Forecast January 2018	Percentage Change from Endorsed Budget
Project Cost	\$9,627,357	\$9,627,357	0.0%
Sales Revenue	\$15,083,136	\$15,083,136	0.0%
Commonwealth HAF Grant Revenue	\$710,000	\$710,000	0.0%
Rebates Revenue	\$270,020	\$270,020	
GST Saving (Margin Scheme Revenue)	\$44,577	\$44,577	
Net Proceeds on Cost (excl. Land Cost & MOSS Payback)	\$6,480,377	\$6,480,377	0.0%

(1) *Council Endorsed Budget – includes land sales revenue, project costs to produce assets - some of which Council will retain ownership of (footpaths, drainage) - plus sales/marketing and holding costs, and costs associated with the provision of the HAF Grant to purchasers.*

(2) *In respect to endorsed gross project revenue, this is a total project revenue not representing revenue for any one financial year.*

3. COSTS

3.1 Civil Construction

- 3.1.1 Civil construction is complete with Practical Completion received on 21 September 2016, with the project now in a 12 month defect liability period. The final completion walkover was undertaken on 21 September 2017, and the defect list is currently being closed out by the civil contractor before the security is returned.
- 3.1.2 A reconciliation of the contingency budgets for the civil contract work once Final Completion is issued will be completed as part of the project close-out. Savings are expected to be returned to Council as part of a future budget review, as the civil construction contingency was not fully expended.

3.2 Landscape Construction

- 3.2.1 The landscape contractor commenced in April 2016 with the landscaping crews following behind the civil program through a coordinated program of works in separable portions. The majority of landscape works reached Practical Completion on 6 October 2016, following a 12 month defect liability and maintenance period. The entry playground, streetscape and picnic ground landscape reached Final Completion on 21 December 2017.
- 3.2.2 The main boardwalk platform and approach ramps were installed in April 2017, prior to the winter rains. Due to weather delays the Boardwalk platform and railing was finished in August 2017 with the Boardwalk currently under 12 month maintenance. A boardwalk seat and information signage is still to be installed, awaiting the water level in the wetlands to drop over summer for installation.
- 3.2.3 The only outstanding landscape works still to be completed at Boardwalk at Greentree are the streetscape areas and small reserves immediately adjacent the Jewel Living affordable housing. Due to the intensive construction activity in this section of the site, the landscape installation was deferred to minimise damage until after all 30 homes were constructed, which is anticipated to be mid-2018.

4. SALES/MARKETING

- 4.1 Sales at Boardwalk at Greentree have continued to be solid, but as expected sales are starting to slow in comparison to the project launch with the completion of sales of the conventional larger allotments, and the project transitioning to a focus on built form product such as Jewel Living, Town Cottages and Park front Townhouses. In total 85 allotments have been contracted on the project as of 2 January 2018.
- 4.2 Strategic Development Projects staff are working closely with two builder partners to bring the Park Front Townhomes and Small Lot Patio sites to market at a price point that will be accepted in the Paralowie market. Preliminary designs have been completed, and a delivery strategy is currently being resolved with the builder prior to launch early in 2018.
- 4.3 The main project marketing campaign continues to have a stronger digital focus than that used on the Tranche 1 projects. The campaign focused around authenticity using local contractors and buyers to sell the project which has resonated well with our buyer profile. Over the last two months the volume of marketing content has been reduced to preserve the remaining marketing funds for use to promote the final built form product in early 2018. Marketing spend to promote this product will be shared with the associated builder, and will include built form pages on the Boardwalk Website, Realestate.com feature listings and updated billboard signage to Port Wakefield Road.
- 4.4 An additional marketing budget of \$50k was allocated for Boardwalk due to the extension of sales into 2017/18, with these funds reallocated from unused project contingency against other contracts, with no additional funds required to be allocated to the project. There is also the potential for revenue uplift through re-pricing reflecting the mature nature of the project.

4.5 Rivergum Homes – Affordable Housing Builder Agreement (Jewel Living)

- 4.5.1 The Affordable Housing products, Jewel Living was released to market in June 2016 with the starting price point of \$229,990 house and land. This project was delivered under a development deed agreement between Rivergum Homes and the City of Salisbury.
- 4.5.2 Only one allotment remains to be sold and Rivergum have commenced construction on all dwellings. Residents moved into the first Jewel Living homes in late 2017 with construction of all homes within this affordable housing project anticipated to be completed by mid-2018.
- 4.5.3 The project has been well received in the market, and the sales agents and builder are continuing to receive enquiry on the product, we are exploring options for an exclusive release of an additional five Jewel Living product with Rivergum Homes. These new homes will be located on the corner small lot patio allotments at Boardwalk, to be sold under the Jewel Living branding as the “Diamond Release” to capture this continued enquiry. These homes while having a similar quality of finish to Jewel, will be larger and priced higher due to the location and views across the wetlands and river corridor. Unlike the Jewel product these will be delivered as traditional house & land packages not under the Jewel Living Development Deed.

5. CONCLUSION

- 5.1 Pricing of remaining land at Boardwalk at Greentree will continue to be monitored and adjusted for any new land placed to market, and contract cancellations to secure further revenue uplift, subject to market conditions.
- 5.2 The nature of Strategic Development Projects means that projects extend over multiple financial years including both expenditure and income with forecasting updated regularly to respond to actual project costs and market conditions.

CO-ORDINATION

Officer: EXECUTIVE GROUP

Date: 09.01.18

