



AGENDA

FOR STRATEGIC PROPERTY DEVELOPMENT SUB COMMITTEE MEETING TO BE HELD ON

**2 DECEMBER 2019 AT CONCLUSION OF INNOVATION AND BUSINESS
DEVELOPMENT SUB COMMITTEE**

IN COMMITTEE ROOMS, 12 JAMES STREET, SALISBURY

MEMBERS

Cr N Henningsen (Chairman)
Mayor G Aldridge (ex officio)
Cr M Blackmore
Cr L Braun
Cr K Grenfell
Cr D Proleta
Cr S Reardon (Deputy Chairman)
Cr G Reynolds

REQUIRED STAFF

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

APOLOGIES

LEAVE OF ABSENCE

PRESENTATION OF MINUTES

Presentation of the Minutes of the Strategic Property Development Sub Committee Meeting held on 09 September 2019.

Presentation of the Minutes of the Confidential Strategic Property Development Sub Committee Meeting held on 09 September 2019.

REPORTS

SPDSC1 Future Reports for the Strategic Property Development
Sub Committee 9

SPDSC2 Tranche 2 - Boardwalk at Greentree Project Update 13

OTHER BUSINESS

CONFIDENTIAL ITEMS

SPDSC3 Hoyle Green Tranche 2 - Status Update Report

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 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*

*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 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**

9 SEPTEMBER 2019

MEMBERS PRESENT

Cr N Henningsen (Chairman)
Mayor G Aldridge (ex officio)
Cr L Braun
Cr K Grenfell
Cr D Proleta
Cr S Reardon (Deputy Chairman)
Cr G Reynolds (*via teleconference*)

STAFF

Chief Executive Officer, Mr J Harry
General Manager City Development, Mr T Sutcliffe
Manager Strategic Development Projects, Ms C Milton
Manager Governance, Mr M Petrovski
Governance Support Officer, Ms K Boyd

The meeting commenced at 10.28 pm.

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

APOLOGIES

An apology was received from Cr M Blackmore.

LEAVE OF ABSENCE

Nil

PRESENTATION OF MINUTES

Moved Cr S Reardon
Seconded Mayor G Aldridge

The Minutes of the Strategic Property Development Sub Committee Meeting held on 17 June 2019, be taken and read as confirmed.

CARRIED
UNANIMOUSLY

Moved Cr K Grenfell
Seconded Cr D Proleta

The Minutes of the Confidential Strategic Property Development Sub Committee Meeting held on 17 June 2019, be taken and read as confirmed.

CARRIED
UNANIMOUSLY

REPORTS

SPDSC1 Future Reports for the Strategic Property Development Sub Committee

Moved Mayor G Aldridge
Seconded Cr K Grenfell

1. The information be received.

CARRIED
UNANIMOUSLY

SPDSC2 Strategic Land Review Update Status Report

Moved Cr D Proleta
Seconded Cr L Braun

1. That the report be received.
2. That it be noted that an Elected Member workshop regarding the Strategic Land Review Bi-Annual Update will be scheduled for November 2019 ahead of reporting on the Update to the Strategic Property Development Sub-Committee in February 2020.

CARRIED

SPDSC3 Tranche 2 - Boardwalk at Greentree Project Update

Moved Mayor G Aldridge
Seconded Cr D Proleta

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

CARRIED
UNANIMOUSLY

OTHER BUSINESS

Nil

CONFIDENTIAL ITEMS

SPDSC4 Hoyle Green Business Case

Moved Cr L Braun

Seconded Cr K Grenfell

1. Pursuant to Section 90(2) and (3)(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 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 at this time will protect Council's Commercial Position

On that basis the public's interest is best served by not disclosing the **Hoyle Green Business Case** 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.

CARRIED

The meeting moved into confidence at 10.37 pm.

The meeting moved out of confidence and closed at 10.45 pm.

CHAIRMAN.....

DATE.....

ITEM	SPDSC1 STRATEGIC PROPERTY DEVELOPMENT SUB COMMITTEE
DATE	02 December 2019
HEADING	Future Reports for the Strategic Property Development Sub Committee
AUTHOR	Michelle Woods, Projects Officer Governance, CEO and Governance
CITY PLAN LINKS	4.3 Have robust processes that support consistent service delivery and informed decision making.
SUMMARY	This item details reports to be presented to the Strategic Property Development Sub Committee as a result of a previous Council resolution.

RECOMMENDATION

1. The information be received.

ATTACHMENTS

There are no attachments to this report.

1. BACKGROUND

- 1.1 A list of resolutions requiring a future report to Council is presented to each sub-committee and standing committee for noting.
- 1.2 If reports have been deferred to a subsequent month, this will be indicated, along with a reason for the deferral.

2. CONSULTATION / COMMUNICATION

- 2.1 Internal
 - 2.1.1 Report authors and General Managers.
- 2.2 External
 - 2.2.1 Nil.

3. REPORT

3.1 The following table outlines the reports to be presented to the Strategic Property Development Sub Committee as a result of a Council resolution:

Meeting Item	Heading and Resolution	Officer
26/06/2017 2.9.1 Due:	Fairbanks Drive Reserve Update Report Council has previously resolved this resolution to be confidential. February 2020	Chantal Milton
25/09/2017 2.9.1- SPDSC4 Due:	Shoalhaven Strategic Development Project Update Council has previously resolved this resolution to be confidential. June 2020	Chantal Milton
25/09/2017 2.9.1- SPDSC6 Due: Deferred to: Reason:	Lake Windemere Residential Update Report Council has previously resolved this resolution to be confidential. December 2019 March 2020 Finalisation of consultant report on housing options and market assessment.	Chantal Milton
25/02/2019 2.5.1- SPDSC6 Due:	Low Cost Affordable Housing Research 2. That an Affordable Housing Implementation Plan be developed as part of the two- year minor update of the Strategic Land Review for Council consideration in April 2019. February 2020	Hiroe Terao
25/02/2019 2.5.1- SPDSC6 Due: Deferred to: Reason:	Low Cost Affordable Housing Research 3. That the Tranche 2 Lake Windemere project expression of interest process (Confidential Item: SPDSC6 – Lake Windemere Residential Update Report, Resolution No. 2077/2017) due to commence in early 2019 be expanded to include approaches to key stakeholders identified in the Low Cost Housing Research Report with the outcomes reported to Council by mid-2019. December 2019 March 2020 As above - Finalisation of consultant report on housing options and market assessment.	Hiroe Terao

23/04/2019 2.9.3 SPDSC2	Salisbury Oval Recreation and Open Space Needs – Council has previously resolved this resolution to be confidential. Due: December 2019 Deferred to: March 2020 Reason: Finalisation of Salisbury Oval Master plan consultation, analysis of responses and Council decision on Master Plan to inform future development options.	Terry Sutcliffe
23/04/2019 2.9.3	Salisbury Oval Residential - Expression of Interest Council has previously resolved this resolution to be confidential. Due: December 2019 Deferred to: March 2020 Reason: As above - Finalisation of Salisbury Oval Master plan consultation, analysis of responses and Council decision on Master Plan to inform future development options.	Terry Sutcliffe
23/09/2019 2.5.3- SPDSC2	Strategic Land Review Update Status Report 2. That it be noted that an Elected Member workshop regarding the Strategic Land Review Bi-Annual Update will be scheduled for November 2019 ahead of reporting on the Update to the Strategic Property Development Sub-Committee in February 2020. Due: February 2020	Terry Sutcliffe

4. CONCLUSION / PROPOSAL

- 4.1 Future reports for the Strategic Property Development Sub Committee have been reviewed and are presented for noting.

CO-ORDINATION

Officer: EXECUTIVE GROUP
Date: 25/11/2019

ITEM	SPDSC2
	STRATEGIC PROPERTY DEVELOPMENT SUB COMMITTEE
DATE	02 December 2019
HEADING	Tranche 2 - Boardwalk at Greentree Project Update
AUTHOR	Sharee Klein, Project Coordinator 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 completion of sales at 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. Lot Status Plan - Boardwalk at Greentree

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

2. REPORT

2.1 Since the last update report in September 2019, progress has continued at Boardwalk at Greentree with 80% of the project sold. The project's first resident moved into their new home in early March 2017.

- 2.2 Since settlements commenced on the project in late August 2016, as of 20 November 2019, the project had achieved 92 settlements with a value of \$11.86 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 December 2019	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	0.0%
GST Saving (Margin Scheme Revenue)	\$44,577	\$44,577	0.0%
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 the project having received the final completion following the 12 month defect liability period. A reconciliation of the contingency budgets for the civil contract works will be completed as part of the project close-out. Savings are expected to be returned to Council as the contingency was not fully expended, subject to reconciliation and costs incurred for marketing and project management fees to close out the completion of sales (refer section 4.0 for the strategy to achieve this result).

4. SALES/MARKETING

- 4.1 Sales at Boardwalk at Greentree have slowed in comparison to the project launch with the completion of sale of the conventional larger allotments, and the project transitioning to a focus on integrated built form product that require builder partners to complete the town cottages, park front town houses and small lot housing products remaining in the project. Refer to Attachment 1 for the lots remaining to be sold in the project.
- 4.2 A close-out sales strategy workshop was held with senior staff in Connekt Urban Projects. A lot by lot approach was identified, and specific actions and timelines established to move the negotiations with a collection of builder partners to develop product, with the objective to achieve the close out of the project in respect to sales.

4.3 Parkfront Townhouses

Strategic Development Projects staff worked closely with a builder partner to bring the park front townhouses to market with a development agreement signed with Normus Urban Projects in late 2018. The product had a soft launch to market pre-Christmas 2018 to build an enquiry database with the formal release of stage 1 containing five of the ten products formally released in early 2019. The project contracted two lots in the first stage; however the purchasers experienced significant difficulty in securing finance with valuation challenges. Unfortunately this resulted in both the initial contracts cancelling in late March 2019.

Both the builder and Council are committed to the product, but securing a build price that can align with the broader suburb valuation is critical. Council has been advised that our land value is acceptable; the build price on the dwellings is causing the issue, pushing total cost to a point where valuations undertaken for lending purposes are impacted.

To this end, Council is working with Connekt Urban Projects to secure independent valuation advice to set a target price point that we will be putting to the builder, requesting adjustment to the dwelling package cost, prior to any product re-launch. This valuation is expected to be available in early December and a decision on the product re-launch will then be made. Depending on the pricing and valuations Council may need to look at alternative solutions for this site.

4.4 Town Cottages

Since the last report one cottage allotment has been sold, and another one is under negotiation with a potential purchaser at the time of preparation of this report. This will leave one remaining town cottage allotment available for sale. This product can be sold as either land only or via a house and land package. A range of builders have been identified who have existing home designs that fit this allotment type, and Connekt are negotiating a range of fixed 'House and Land' packages to be promoted through the builders' databases to seek to secure the sale of the final allotment(s).

4.5 Small Lot Housing

The 30 lot Jewel Living Housing has been very successful at Boardwalk.

In addition, the original design allowed for an additional five small lots located on the corners of traditional allotments within the Boardwalk project. Finding the right builder partner and build price has proven challenging to date. A solution to small lot housing and affordable two storey homes in smaller configurations will be important in the future Strategic Property Projects. Negotiations are underway with a builder to re-look at earlier designs on these allotments. Depending on pricing and valuations Council may need to look at a mix of single and double storey homes on these allotments.

5. CONCLUSION / PROPOSAL

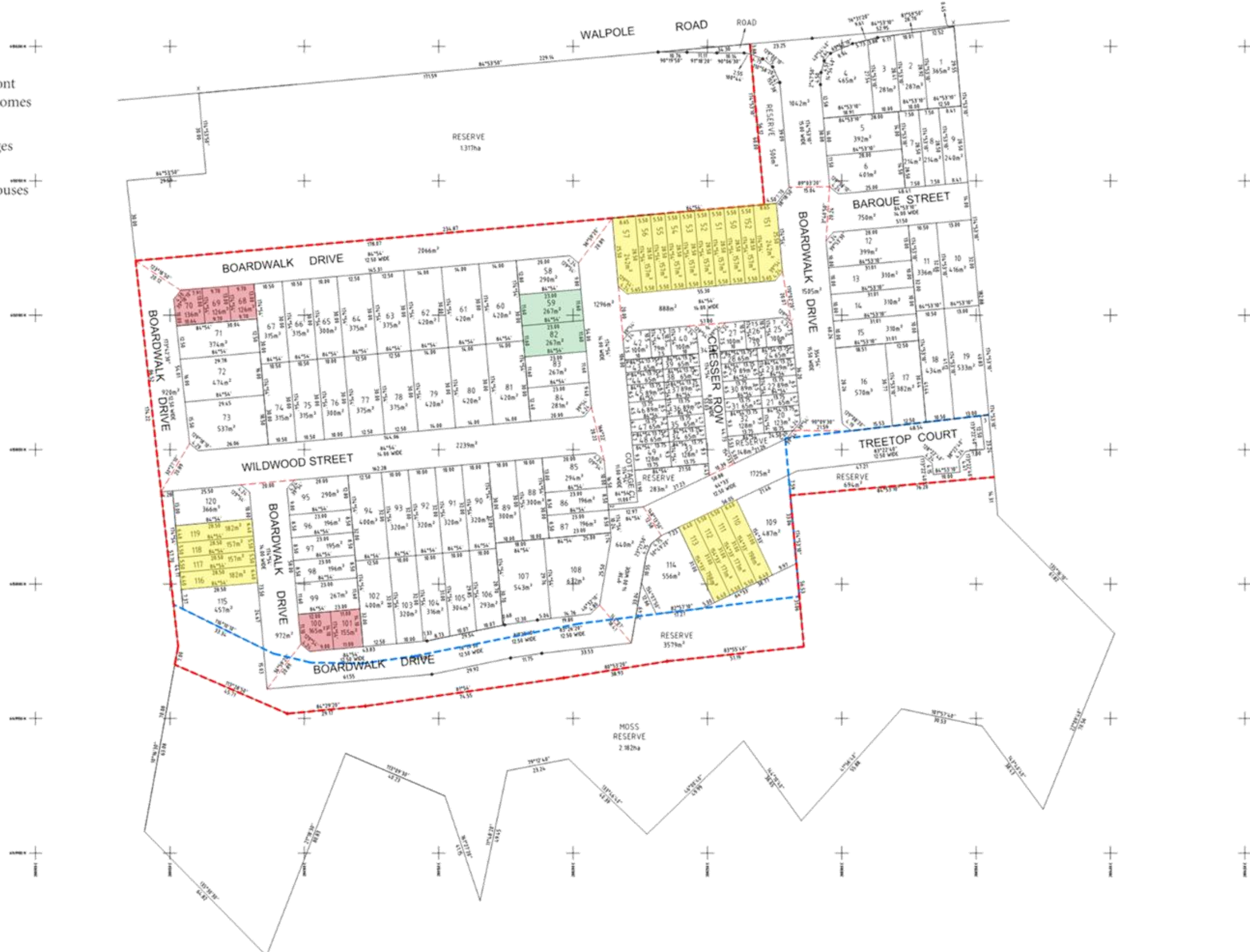
- 5.1 Pricing of remaining land at Boardwalk at Greentree will continue to be monitored and adjusted for any new land placed to market, and contract cancellations to secure further revenue uplift, subject to market conditions.
- 5.2 The nature of Strategic Development Projects means that projects extend 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: 25.11.2019

- Parkfront Townhomes
- Town Cottages
- Small Lot Houses



2022/01/14	FINAL ISSUE	100%
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--- Boundary of Audit Clearance
 --- Zone Boundary

1 5 10 20 30 40 50	
1:500 ORIGINAL SHEET SIZE A3	
ALEXANDER & SYMONDS PTY. LTD.	PROJECT
COORDINATES	SURVEY
HEIGHT DATUM	DRAWN DEL 2022/01/14
DATA FILE	CONSTRUCTION - PEGGING



**BOARDWALK
 WALPOLE ROAD
 PEGGING PLAN**

