

9. OFFICER'S REPORTS
 9.1 DEVELOPMENT REPORTS
 9.1.1 Old Lawn Tennis Centre – RDAP Program

When acting as a planning authority in accordance with the powers conferred by the Planning and Development Act 2005 and any relevant scheme, the Council of the Shire is entitled to make decisions based only on proper planning considerations.

FILE NO:	PS.TPS.48
COUNCIL DATE:	15 April 2013
REPORT DATE:	4 April 2013
LOCATION/ADDRESS:	
APPLICANT:	Shire of York
SENIOR OFFICER:	R Hooper, CEO
REPORTING OFFICER:	J Jurmann, MPS
DISCLOSURE OF INTEREST:	Nil
APPENDICES:	Draft Plan, Landcorp Correspondence
DOCUMENTS TABLED:	Nil

Summary:

This report considers information provided to the Shire of York from Landcorp as part of the assessment of the Shire's application for the 2012 Regional Development Assistance Program and requests the Shire to endorse the development of the site for residential purposes by Landcorp.

Background:

In 2012, an application to Landcorp's Regional Development Assistance Program was submitted for development of the old Lawn Tennis Centre for residential purposes and for the development of Springbett Reserve for a composite development of home business and light/service industrial purposes.

These applications were accepted into the Program and as part of this process the rezoning of both sites were initiated.

Council at its meeting held on 17 December 2012 resolved to finally adopted Scheme Amendment No. 48 to rezone the old lawn tennis centre site from Recreation and Open space to Residential. This amendment has been forwarded to the Minister for Planning for final approval in accordance with the Council resolution.

Landcorp, as part of their development assessment have been conducting the relevant preliminary investigations for the purposes of establishing the development potential of both sites and likely development costs.

With regards to the old Lawn Tennis Centre site, McDowell Affleck was appointed by Landcorp to provide costings on the construction of a residential development. These costings have been provided to Council for the purposes of determining if the project is to continue to be progressed by Landcorp or withdrawn from the RDAP2012 Program so that the Shire can pursue other options for the site. A preliminary subdivision design has also been provided. Refer to the appendices of this report.

The costings have been based on plans provided by Landcorp (the design provided to Council by Landcorp) and on typical conditions that may be imposed by the Western Australian Planning Commission, being earthworks, roads, lot drainage, sewer and water reticulation, underground power and telecommunications. The total cost for 10 lots based on Landcorp's design is estimated to be \$756,641, or \$65,549 per lot. The degree of accuracy of the estimate is within $\pm 20\%$.

Consultation:

Community consultation was carried out as part of the rezoning process. Any planning application will also be subject to community consultation.

Statutory Environment:

The provisions of the *Planning and Development Act 2005* and the York Town Planning Scheme No. 1 will be applicable to any future subdivision and planning applications.

Policy Implications:

There are no Policy implications associated with this proposal. The rezoning is consistent with the York Local Planning Strategy.

Financial Implications:

As a condition of the Regional Development Assistance Program, the Shire of York will be required to be ceded at no cost, prior to the commencement of construction and demolish the existing building (i.e. provide the land 'shovel ready'). The costs of demolition has been estimated at \$50,000.

It is estimated that the land could be sold for \$250-300,000 based on recent sales for land in the locality. The cost of development has been estimated at \$756,641 in the McDowell Affleck report. As can be seen, the costs of development are quite high at \$65,549 per lot. The RDAP Program is specifically designed to facilitate development for local government where the development costs could be considered prohibitive.

If Council chose to sell the land and not participate in the Landcorp process there will be no guarantee of development, and therefore no rateable lots created. Landcorp has a standard condition on their developments to ensure that construction commences within a stipulated period of time and if the buyer defaults the land returns to Landcorp for re-sale.

Strategic Implications:

The Shire of York's 2012 Strategic Community Plan goals are:

Social

- Manage population growth, through planned provision of services and infrastructure.
- Strengthen community interactions and a sense of a united, cohesive and safe community.
- Build and strengthen community, culture, vibrancy and energy.

Environmental

- Maintain and preserve the natural environment during growth, enhancing the 'rural' nature of York, and ensuring a sustainable environment for the future.
- Support sustainable energy and renewable resource choices.

Economic

- Build population base through economic prosperity.
- Value, protect and preserve our heritage and past.
- Grow the economic base and actively support local businesses and service provision.

The development of the site is consistent with the goals of the Community Strategic plan in that it will provide additional fully serviced housing lots to build the population and provide a planned development that will protect the environment through the creation of a foreshore reserve.

Voting Requirements:

Absolute Majority Required: No

Site Inspection:

Site Inspection Undertaken: Not Applicable

Triple bottom Line Assessment:**Economic Implications:**

The development of this site will provide additional housing choice in York that is located on the Avon River within walking distance to the town centre. The draft development plan indicates the creation of nine (9) single residential lots and a ground housing site. It is envisaged that the group housing site will contain villas and townhouses that will again provide another housing choice. The growth of York's housing choice and availability is important to the economic growth of York and the region.

Social Implications:

Variety of housing choice, both in design and affordability, is important to achieve the goals of the Community Strategic Plan to build the population and economic base.

Environmental Implications:

There are no environmental implications associated with this proposal. the creation of a foreshore reserve as a buffer in accordance with the Department of Environment and Conservation will be beneficial to the community and the environment.

Comment:

Due to the often prohibitive costs associated with undertaking developments in regional WA, many projects are not commercially viable and the supply of privately developed land is often limited or non-existent.

Through the Regional Development Assistance Program (RDAP) the State Government provides LandCorp with limited funding to progress regional projects that do not break-even, but is essential to supporting the revitalisation and growth of regional towns and centres, such as York.

OFFICER RECOMMENDATION

"That Council:

APPROVE to continue to progress the development of Lots 31, 150 and 151 Clifford Street, York, known as the old Lawn Tennis Centre, for residential purposes by Landcorp as part of the 2012 Regional Development Assistance Program and agree to cede the land at no cost to Landcorp prior to the commencement of works."

AMENDMENT

Moved: Cr Scott

Seconded: Cr Hooper

"That Council Amend the Officer Recommendation to read:

APPROVE to continue to progress the development of Lots 31, 150 and 151 Clifford Street, York, known as the old Lawn Tennis Centre, for residential purposes by Landcorp as part of the 2012 Regional Development Assistance Program and agree to cede the land at no cost to Landcorp prior to the commencement of works.

Addendum:

Subject to any created lots not being sold within three (3) years from the date of clearance of subdivision being deeded to the ownership of the Shire of York at no cost."

CARRIED: 4/2

RESOLUTION

020413

Moved: Cr Hooper

Seconded: Cr Duperouzel

The amendment became the motion.

CARRIED: 4/2

Our Ref: O115009, PS.TPS.48.

Contact: Jacky Jurmann

18 April 2013

Kylie Coman
Landcorp
Locked Bag 5
Perth Business Centre
PERTH WA 6000

Dear Kylie

2012 RDAP PROGRAM - OLD LAWN TENNIS CENTRE PROJECT

Please be advised that Council resolved at its Ordinary Meeting held on 15 April 2013 the following:

“That Council amend the Officer’s recommendation to read:

APPROVE to continue to progress the development of Lots 31, 150 and 151 Clifford Street, York, known as the old Lawn Tennis Centre, for residential purposes by Landcorp as part of the 2012 Regional Development Assistance Program and agree to cede the land at no cost to Landcorp prior to the commencement of works.

Addendum: Subject to any created lots not being sold within three (3) years from the date of clearance of subdivision being deeded to the ownership of the Shire of York at no cost.”

The amendment became the motion and was resolved by Council.

I have attached a copy of the Council report for your information.

It should also be noted that Scheme Amendment No. 48 was approved by the Minister for Planning and gazetted on 16 April 2013. A copy of the approved Scheme Amendment documentation is also attached for your information.

If you have any further queries regarding this matter please do not hesitate to contact Jacky Jurmann, Manager of Planning Services at the Council Office on 9641 2233 or by email at records@york.wa.gov.au.

Yours sincerely

RAY HOOPER
CHIEF EXECUTIVE OFFICER

Encl.

LANDCORP

Your Ref 0115009 PS.TPS.48
Our Ref A63234
Enquiries 9482 7520

SHIRE OF YORK	
FILE PS.TPS.48	
OFFICER	INITIALS
SAREY	
7 - MAY 2013	
1132038	
REFERRED TO COUNCIL	
DATE	INITIALS

Shire of York
Attention: Ray Hooper
PO Box 22
York WA 6302

Dear Ray,

RDAP2012 – York – Old Lawn Tennis Centre Project

Thank you for your letter dated 18 April 2013 which advised that Council approved the progression by LandCorp of the project.

LandCorp welcomes the opportunity however is concerned that the endorsement of LandCorp's involvement is subject to "any created lots not being sold within 3 years from the date of clearance of subdivision being deeded to the ownership of the Shire of York at no cost".

Unfortunately LandCorp cannot agree to this condition as:

- The development already needs to be financially subsidised by LandCorp as the cost of construction exceeds any revenue which may result from sales even with the Shire's contributions taken into consideration. The development would require even more subsidy by LandCorp if any lots are required to be deeded to the Shire at no cost as LandCorp would need to recover expenditure.
- LandCorp will sell the lots with a 3 year development condition which will require any purchaser to build within the specified period. The reason for this condition is to ensure lots are developed and not left in a vacant state which is prevalent currently within York. As part of this process, LandCorp lodges a caveat on any lot sold to ensure compliance with the development condition. This caveat contains a "buy back clause" which in effect means that LandCorp may re-purchase lots if they are not developed within the 3 year period. LandCorp is unsure if the Shire would have the capacity to manage development conditions given the caveat conditions.

I would appreciate if you could arrange for Council to reconsidered the matter and in due course provide feedback to LandCorp on the outcome.



LANDCORP

I look forward to your response.

Yours sincerely

Kylie Coman
REGIONAL MANAGER
Mid West/ Wheatbelt
1 May 2013



Shire of York

OPTIONS PAPER – WINSTON GREEN (OLD TENNIS COURTS)

Location:	Lots 31, 150, 151 – Corner of Glebe & Clifford Streets
Area:	3718, 1290, 2706l - 7714 sq metres
Current Use:	Old clubrooms used by community groups on a free rent basis Fenced grass tennis court area not in use
Current Proposal:	LandCorp structure plan to develop and subdivide for residential and group housing
Zoning:	R40
Services:	Power, water, sewer, Telstra

Option 1:

The Shire of York has a proposal from LandCorp to service and develop the land for group and residential housing on the basis that the Shire of York contributes the land and meets any demolition costs for existing infrastructure on the site.

Option 2:

The Shire of York can obtain a sworn valuation and call tenders or auction the property under the provisions of Section 3.58 of the Local Government Act.

Option 3:

The Shire of York can retain the land and continue its use for community purposes and future sale or development.

Option 4:

The Shire of York can develop the land as a housing project with residences either sold or rented or a mix of both.

Option 5:

The Shire of York can develop the land and offer all or some lots created for sale.

SUPPORT COMMENTS ON OPTIONS

Option 1 – LandCorp Proposal

- LandCorp has the expertise and experience to undertake a high quality residential land development and subdivision
- LandCorp takes all of the financial risk if lots do not sell
- LandCorp meets all costs for services to the lots e.g. power, water, sewer, telecommunications, etc
- Council exposure to development costs is minimal
- Land is likely to be developed the quickest under this option
- Ongoing rate income from the number of lots created
- Ongoing financial assistance per head of population for the residents when houses are built and occupied

Option 2 – Sale of Land

- Income from sale of land which can be used for community infrastructure
- No control on what the purchaser does with the land. Could be developed immediately or it could remain vacant like the Royal Hotel site
- Cost of valuation and compliance with disposal of assets provision (Section 3.58 or LG Act)
- Savings on infrastructure costs if funding available to do
- Ability to leverage funds obtained on land through grants

Option 3 – Retain the Land

- Ongoing community use of facilities
- No income generated from rents, rates, financial assistance grants
- No funds from sale for other community needs
- Land may increase in value for sale in the future
- Foregone income – infrastructure costs will be higher in the future

Option 4 – Shire of York to Develop as a Housing Project

- Development is not a core function of the Shire of York
- Dependency on grants and external funding to finance the project. No scope in current budgets except through loans
- Return on investment may be at risk if lots remain unsold
- Units built may not be occupied or purchased
- No inhouse capacity to project manage – additional costs for consultants
- Shire controls the timing of the project
- Potential income from unit sales or rent income

Option 5 – Shire of York to Develop & Subdivide for Sale

- Development is not a core function of the Shire of York
- Dependency on grants/external funding to finance the project. No scope in current budgets except through loans
- Return on investment may be at risk if lots remain unsold
- No inhouse capacity to project manage – additional costs for consultants
- Shire controls the timing of the project
- Potential income from lot sales subject to the property market

FINANCIAL COMPARISONS

1. Sale of Land

Estimated Value (Assumed – Sworn Valuation pending)	\$500,000
Interest Rate	4.15%

Invested for 4 years prior to use for community infrastructure

Interest earned (Compounded)	\$8,352
TOTAL FUNDS AVAILABLE FOR USE	\$508,352
Rate Income - Single Lot – Vacant Land	\$870/year
Single Residence	\$1,300/year

No assumptions or quantification made on subdivision options

2. LandCorp Proposal

Sale Income	Nil
Interest	Nil
Development Costs	LandCorp

Proposal is for 1 group lot and 9 individual lots

Rate Income - Vacant Land	\$8,700/year
Single Residence	\$13,000/year

3. Retain As Is

Sale Income	Nil
Interest	Nil
Rent Income	Nil
Maintenance Costs incl. Insurance	\$3,000/year

Land value may appreciate into the future

4. Shire of York to Develop

- (a) For Subdivision
- (b) As house and land sales or for rental housing

These options appear to be outside of the capacity of the Shire at this stage unless significant grant funds were available.

UNCERTAINTIES

- If the land is sold no control over whether it is to be used as a single residential lot, business purposes, subdivision, etc
- The estimated land value of \$500,000 may not be supported by a sworn valuation and it may not be achieved when sold by Auction or Tender
- LandCorp may not be able to sell the lots under their subdivision proposal
- The value of the land may not increase significantly into the future
- If the Shire subdivides the land no guarantee on when or if lots will be sold
- Development holding costs not calculated for any subdivision option

NEXT STEPS

1. Obtain a sworn Valuation – order issued
2. Call Tenders to purchase in accordance with Sect 3.58 of the LG Act
3. Consider the Tenders received and accept or reject
4. If no tenders or if tenders are declined Council to resolve to retain the land or to accept the LandCorp proposal

Attachments

1. Council Minutes to accept the LandCorp proposal with conditions
2. Correspondence to and from LandCorp on this proposal from the Council Minutes
3. LandCorp Outline Plan