

**19.5 PURCHASE OF LAND - CONSERVATION PURPOSES, ORMISTON****Objective Reference:**

**Authorising Officer:** Louise Rusan, General Manager Community & Customer Services

**Responsible Officer:** Graham Simpson, Group Manager Environment & Regulation

**Report Author:** Damien Jolley, Senior Property Officer

**Attachments:**

1. Property Economic Assessment
2. Western End Land
3. Open Space Land

The Council is satisfied that, pursuant to Section 275(1) of the *Local Government Regulation 2012*, the information to be received, discussed or considered in relation to this agenda item is:

- (h) *other business for which a public discussion would be likely to prejudice the interests of the local government or someone else, or enable a person to gain a financial advantage.*

**PURPOSE**

The purpose of this report is to provide a detailed plan, valuation, affordability and feasibility of a purchase with the intent of retaining high conservation areas and reselling surplus areas of the property 3-53 Cowley Street, Ormiston (described as Lots 141-161 and Lot 166 on RP1703 and Lots 1-4 on RP893081) as resolved at the General Meeting on 8 May 2019.

**BACKGROUND**

At the General Meeting on 8 May 2019 (Item 19.2 refers) a report was presented to Council outlining options to consider protecting vegetation, including considering of acquiring 3-53 Cowley Street, Ormiston (the land). The report made the following recommendation:

*The Officers recommendation was that Council resolve to:*

1. *not purchase the property; and*
2. *maintain this report and attachments as confidential, subject to maintaining the confidentiality of legally privileged, private and commercial in confidence information.*

The recommendation was not adopted and Council resolved to:

1. *request officers bring a further report back to Council by 30 June 2019, providing a detailed plan, valuation, affordability and feasibility of a purchase with the intent of retaining high conservation areas and reselling developable areas of the property; and*
2. *maintain this report and attachments as confidential, subject to maintaining the confidentiality of legally privileged, private and commercial in confidence information.*

Due to time constraints with the consultant commencing the evaluation, an interim report was presented to Council on 19 June 2019 and Council resolved:

1. *To note this interim report.*
2. *That a final report will be brought to the General Meeting scheduled 17 July 2019.*
3. *That this report remains confidential, subject to maintaining the confidentiality of legally privileged, private and commercial in confidence information.*

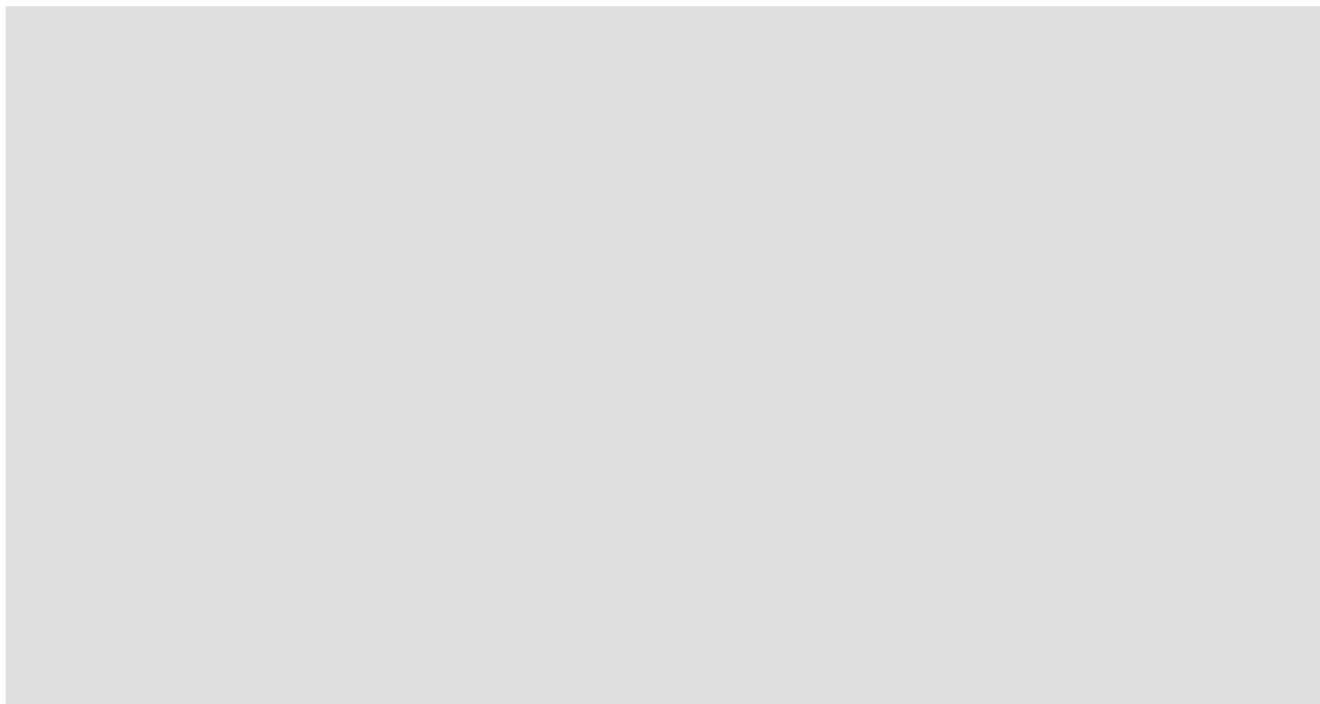
Following the Council resolution of 8 May 2019, Council officers engaged external consultants the Saunders Havill Group (SHG) to compile a Property Economic Assessment that would provide a detailed plan, valuation, affordability and feasibility of purchasing the property to retain the high value conservation areas on the land. Specifically Council officers requested the scope of the assessment would be to:

- Review and investigate the applicability of the recommendations of the Options Report originally provided by the SHG in 2008 within the existing provisions of the Redland City Plan 2018;
- Investigate the economic feasibility of the recommendations of the original Options Report:
- Provide detailed desktop development concept plan(s) with consideration to the environmental values of the land and significant trees, including, but not limited to, residential lots existing lots to be ceded to Council and existing lots to be restricted from future development by way of environmental covenant;
- Provide an estimate of total development costs applicable to the desktop development concept plan(s);
- Provide a market valuation of the land on an 'as is' basis and subject to the desktop development concept plan(s); and
- Provide commentary on the economic viability of undertaking the desktop development concept plan(s) and the cash flow implications.

Council has now received the Property Economic Assessment which has been considered by officers (see **Attachment 1** for SHG full report).

## ISSUES

### Options Review





## STRATEGIC IMPLICATIONS

### Legislative Requirements

Purchase of the property is consistent with provisions contained in the *Local Government Act 2009* which gives Council an ability to purchase the property for Local Government purposes.

As the land is not listed for sale any resolution to purchase would require an off-market offer and negotiation process.

Council is not able to consider resumption of the land given existing planning designations.

### Risk Management

Council would undertake a due diligence assessment of the land before finalising and contract of sale to consider any risks or issues associated with the land.

There has been identified in the SHG Property Economic Assessment a number of assumptions and risks related to any purchase of the land and resale of surplus lots. These risks include the possibility of:

- An incorrect discount assumption in regards to the potential purchase price of 20%; and
- The resale value of individual lots would only exceed the purchase price of those lots based on the above mentioned discounted purchase price and added value through infrastructure improvements





### People

There are no known impacts associated with this report.

### Environmental

Purchase and proposed redevelopment of the property will ensure the highest environmental values are maintained, though continued connection to the foreshore park is necessary to maintain environmental linkages.

Private development of all of the property is highly likely to result in the loss of most environmental values and conservation connections.

### Social

This property is a well-known location for Ormiston residents with some likely to consider the land a “public park” given its long standing presence as an undeveloped site. There is likely to be considerable community concern if the trees on the land are removed which will include media interest. In the event Council decides not to progress any of the options in regards the property, Council will need to prepare a communication plan in regards managing the issue should it arise.

### Alignment with Council's Policy and Plans

The purchase of the property is consistent with Council's environmental and conservation policies, including being listed on Council's Environment Levy Strategic Acquisitions List. The Natural Environment Policy POL-3128 supports Council to purchase land for conservation purposes through the following outcomes:

1. *Protect, enhance, restore the natural values of the City.*
3. *A conservation acquisition program that prioritises acquisition of land for rehabilitation, offsets, corridors and long term protection to achieve cost effective environmental outcomes that contribute to facilitating biodiversity conservation (e.g. koala survival) and has community benefits.*

As detailed in the financial analysis, the purchase is not consistent with Council's 2019-20 Budget and 2019-2029 Long Term Financial Plan.

### CONSULTATION

Consulted	Consultation Date	Comments/Actions
Principal Environment Strategic Planner	21 March 2019	Advice on strategic environmental framework
Principal Strategic Planner	18 June 2019	Advice on strategic planning framework
Acting Group Manager City Planning and Assessment	2 July 2019	Review and comments on SHG Property Economic Assessment
Service Manager Environment and Education	2 July 2019	Review and comments on SHG Property Economic Assessment
Acting Service Manager Engineering and Environmental Assessment	2 July 2019	Review and comments on SHG Property Economic Assessment
Senior Management Accountant Financial Partnerships	2 July 2019	Financial policy and budget advice
Senior Advisor Environment	2 July 2019	Review and comments on SHG Property Economic Assessment
Service Manager Civic and Open Space Asset Management	4 July 2019	Review and comments on open space elements of report
Service Manager Financial Planning	4 July 2019	Comments in regards financial policy and budget advice

[CLICK HERE TO ENTER TEXT.](#)

### OPTIONS

#### Option One

That Council resolves as follows:

1. To not acquire the land.

2. To maintain this report and attachments as confidential, subject to maintaining the confidentiality of legally privileged, private and commercial in confidence information.

### **Option Two**

That Council resolves as follows:

1. To review the 2019-2020 Capital Program to reallocate sufficient funds to acquire the land at fair market value, including sufficient funds to enable the development and selling costs associated with preparing the eastern end land for resale.
2. To ensure all revenue received from the resale of surplus land is used to offset the purchase and development costs associated with the land purchase.
3. To maintain this report and attachments as confidential until settlement, subject to maintaining the confidentiality of legally privileged, private and commercial in confidence information.

### **Option Three**

That Council resolves as follows:

1. To review the 2019-2020 Capital Program to reallocate sufficient funds to acquire the western end land at fair market value.
2. To maintain this report and attachments as confidential until settlement, subject to maintaining the confidentiality of legally privileged, private and commercial in confidence information.

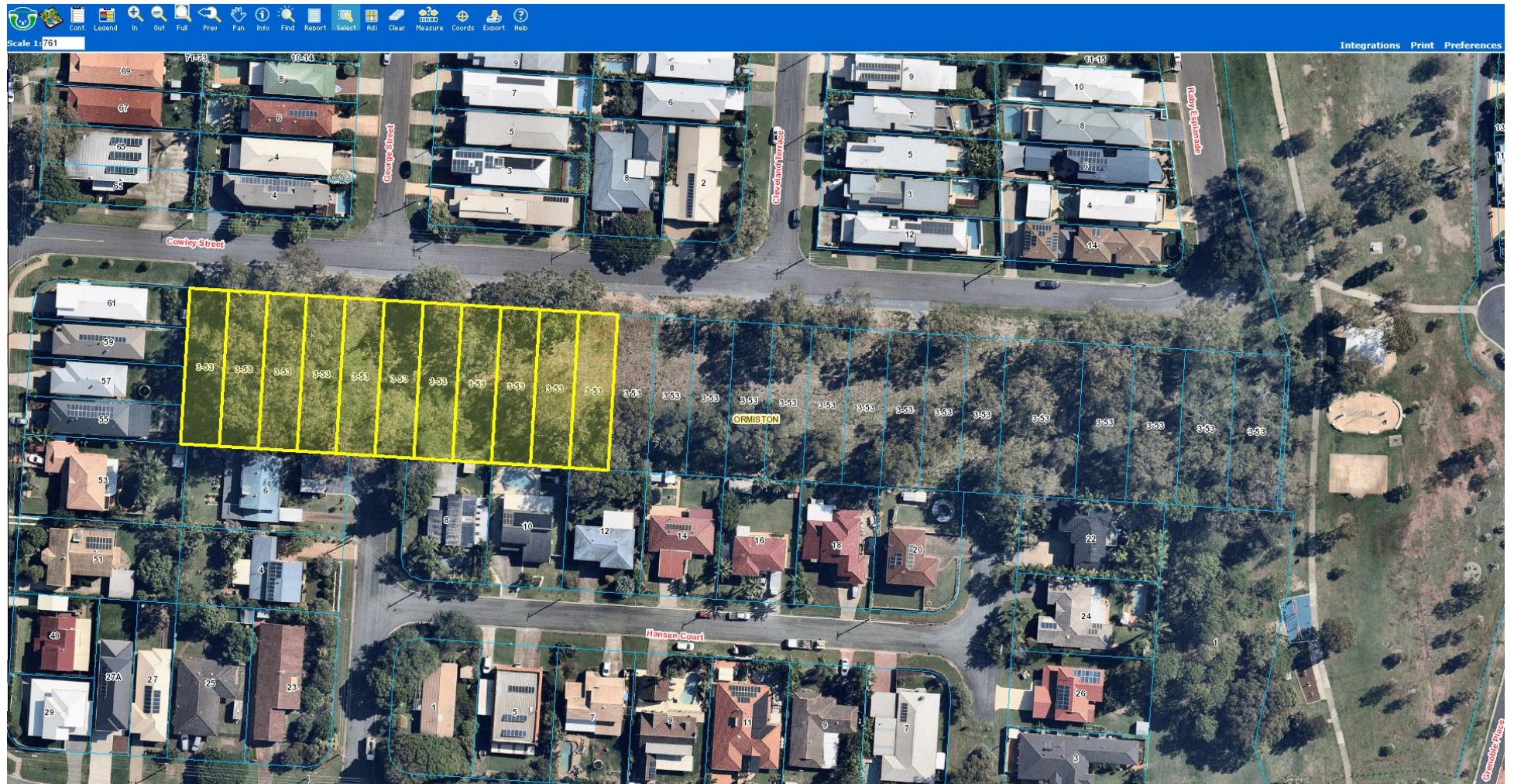
### **OFFICER'S RECOMMENDATION**

**That Council resolves as follows:**

- 1. To not acquire the land.**
- 2. To maintain this report and attachments as confidential, subject to maintaining the confidentiality of legally privileged, private and commercial in confidence information.**



## Attachment 2 – Western End Land





### Attachment 3 – Open Space Land

