

REPORT OF GENERAL MANAGER

DEVELOPMENT COMMITTEE

TUESDAY, 3 MARCH 2015

PLANNING AND DEVELOPMENT

ITEMS TO BE DEALT WITH UNDER DELEGATION OF COUNCIL

1. **Request to Acquire Lot 26 and DP 734975 and part Lot 2 DP 1170503, Enterprise Avenue, South Nowra (Contributions Project 01ROAD2143) File 28709E (PDR)**
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SECTION MANAGER: Eric Hollinger

PURPOSE:

To seek Council direction on a landowner request to acquire land at Enterprise Avenue, South Nowra, to facilitate the construction of Contributions Project 01ROAD2143.

RECOMMENDED that in accordance with the Committee's delegated authority from Council, that the Committee:

- a) **Do not acquire Lot 26 DP 734975 and part Lot 2 DP 1170503 until development of the land occurs, or contributions funds for Project 01ROAD2143 are available.**
- b) **Advise the landowner that if they wish to expedite the extension of Enterprise Avenue to Quinns Lane, they have the option of dedicating the required land and constructing the road in lieu of future contributions.**
- c) **Undertake a review of Contributions Project 01ROAD2143 as part of the planned review of Area 1 – Roads and Drainage Projects in Shoalhaven Contributions Plan 2010;**
- d) **Receive a further report prior to a draft Amendment being public exhibited.**

OPTIONS

1. Adopt the recommendation as detailed in this report.
2. Agree to acquire Lot 26 DP 734975 and part Lot 2 DP 1170503 and allow the landowner to construct the remainder of Enterprise Avenue in lieu of paying contributions on future development.

This option is not preferred. As detailed in this report, there are currently no contributions funds available to acquire the subject lands, and the project is not currently in Council's capital works plan. Acquiring the land would require Council to allocate funds at the expense of current priority projects. It may also require a stand-

alone Amendment of Contributions Project 01ROAD2143 which would not be an efficient use of staff resources.

DETAILS

Background

Council recently received a request on behalf of the owner of Lot 26 DP 734975, for Council to acquire their land, and part of the adjoining Lot 2 DP 1170503 to allow for the extension and construction of Enterprise Avenue, South Nowra. The subject lands are shown in **Attachment A**, and are identified for acquisition as part of Contributions Project 01ROAD2143 in Shoalhaven Contributions Plan 2010. Contributions Project 01ROAD2143 is provided as **Attachment B** to this report.

The landowner has proposed for Council to acquire the land, and for the landowner to construct the remainder of Enterprise Avenue in lieu of paying contributions on future development of the site. The reason for the request is to expedite the extension and construction of Enterprise Avenue through to Quinns Lane. However, this would require Council to acquire the land, and no budget is currently available to do so.

Project Status – 01ROAD2143 Enterprise Avenue

As shown in **Attachment A**, Enterprise Avenue has been partially constructed within the existing road reserve and a small section of operational land (which forms part of the road alignment) is owned by Council adjacent to Quinns Lane. The completed section of Enterprise Avenue was constructed and dedicated outside of the Contributions Plan (i.e. prior to Plan commencement and via works in-kind agreements etc) and no contributions have been collected for Project 01ROAD2143.

The current contributions project does not accurately reflect the remaining works to complete the project, and the Contributions Project needs to be reviewed. Council's Assets & Works staff have recommended that Enterprise Avenue should be constructed as one way traffic flow (north to south) to minimise unrelated traffic use (i.e. "rat run" to convenience shops and sportsgrounds instead of using the Highway) and reduce construction and acquisition costs. Therefore, a review of the road design will seek to encourage one way traffic flow from the existing road reserve south to Quinns Lane.

As no contributions have been collected for this project and no further funding is available, Council currently do not have the capacity to acquire land and deliver this project. The delivery timeframe for Project 01ROAD2143 stated in the Contributions Plan is 2016/20 and the Project is not currently identified in Council's capital works plan.

If the landowner wishes to progress the extension and construction of Enterprise Avenue in advance of development in the area, the landowner has the option of dedicating their land and constructing the road at their own cost. The construction works and dedication of land could be completed in lieu of contributions being levied on future development.

Contributions Plan Amendment

It is recommended that Council endorse a review of Contributions Project 01ROAD2143 to facilitate one way traffic movement on the southern section of Enterprise Avenue. Council staff are currently undertaking a broader review of contributions projects in

Contributions Plan 2010, and it is recommended that this project be amended as part of the planned review of Planning Area 1 Roads and Drainage projects.

FINANCIAL IMPLICATIONS:

No contributions have been collected for this project and the project is not identified in Council's capital works plan. Therefore, Council currently do not have the capacity to deliver this Project as per the landowner request. It is recommended that this project be delivered if and when development of the land occurs. Alternatively, the landowner can consider constructing the road at their own costs in lieu of paying contributions on future development.

COMMUNITY ENGAGEMENT:

Community engagement will be completed upon the review of the whole of Area 1 Roads and Drainage Projects as per the legislative requirement.



Map Printed : Tuesday, February 24, 2015

630 m

420

210

105

0

shoalhaven
contributions plan 2010

contributions plan 2010

Code: 01ROAD2143
Category/Planning Area: Local / Area 1
Location: South Nowra
Description: Quinns Lane/Browns Road - link road
Strategy: To provide improved, efficient and safe public road networks for increasing traffic volumes associated with development demand.

Contribution Rate:

Financial Year	Contribution Area	Contribution Rate Type	Contribution Rate	Existing ET/M2/SP	Future ET/M2/SP	Total ET/M2/SP
2014	01	Equivalent Tenement	\$ 1,936.43	89	184	273

Contribution map shaded areas indicate the Contribution Area(s). Red indicates Contribution Infrastructure.

Project Estimate: \$379,570.00 in Nov 2005
Indexed Estimate: \$528,645.39
Apportionment: The apportionment to future development is 67.4%.
Nexus: The project is critical for ensuring that new development pays an equitable apportionment of costs associated with providing a suitable road network which directly services demand created by development.
Supporting Information: [Supporting Information can be found here.](#)
Proposed Works: Concept plan is not available.
Land Acquisition Estimate: \$55,960.00 in Nov 2005
Timing: 2016/20



[View Larger Map \(PDF\)](#)

REPORT OF GENERAL MANAGER**DEVELOPMENT COMMITTEE****TUESDAY, 5 MAY 2015****PLANNING AND DEVELOPMENT*****ITEMS TO BE DEALT WITH UNDER DELEGATION OF COUNCIL***

1. **Acquisition Request - Lot 26 and DP 734975 and part Lot 2 DP 1170503 Enterprise Avenue, South Nowra (Contributions Plan Project 01ROAD2143) File 28709E**
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SECTION MANAGER: Gordon Clark.**PURPOSE:**

Provide further information on the cost of acquiring the land required for Enterprise Avenue road reserve. A decision on this was previously deferred.

RECOMMENDED, in accordance with the Committee's delegated authority from Council, that the Committee:

- a) **Seek formal confirmation of the land owners offer and details of their proposed works,**
- b) **Instruct staff to further investigate the funding arrangements to facilitate acquisition of Enterprise Avenue road reserve.**

OPTIONS

1. Not acquire the subject lots until development occurs.

This option will enable the land to be acquired at the point when contribution funds for Project 01ROAD2143 are available. The request cannot be accommodated at this time without a financial impact on Council.

2. Agree to acquire the land utilising funds from the Contributions Plan – Planning Area and the landowner/s construct the remainder of Enterprise Avenue in lieu of paying contributions on future development.

As there are currently no specific contributions funds available to acquire the land, and the project is not currently in Council's capital works plan. Acquiring the land will require Council to allocate funds, possibly at the expense of current priority projects. It may also require a stand-alone Amendment of Contributions Plan Project 01ROAD2143. It is also uncertain whether both landowners are willing to pay for construction of the road, as this has not been confirmed in writing. This option does

however, potentially provide an opportunity to secure a service road ahead of what otherwise would have occurred, and facilitate future industrial development.

DETAILS

Background

- # This issue was reported to the Development Committee on 3 March 2015 to consider a landowner request to expedite the delivery of Contribution Plan Project 01ROAD2143 (Enterprise Avenue, South Nowra). The matter was deferred and the Committee requested further information on the cost of acquiring the subject land. The previous report, its attachments and the Resolution are provided as **Attachment "A"**.
- # Council subsequently engaged Walsh and Monaghan to undertake a market valuation of the area of land required for the remainder of Enterprise Avenue road reserve. The valuation provides a preliminary assessment and final costings would be subject to a full detailed valuation. The preliminary values per square metre along with the area of land required for acquisition is provided in the table below. The actual valuation report is also provided as **Attachment "B"**.

Lot and DP Ownership	Land (m ²) required for acquisition	Valuation (m ²)	Total cost
Lot 2 DP 1170503 (New Living Kitchens) owned by ALLCHRIS Pty Ltd	582.2m ²	\$60 / m ²	\$35,000
Lot 26 DP 734975 owned by Palmira Holdings Pty Ltd	609.2m ²	\$60 / m ²	\$37,000
			\$72,000

As per the landowners request, the valuation has been undertaken and provided in accordance with the fair and reasonable compensation arrangements under the *Land Acquisition (Just Terms Compensation) Act 1991*. The valuation has identified that in this case, items for compensation are limited to the market value of the land plus reasonable disturbance items.

According to the valuation, the market value of the land is approximately three times the value the Contribution Plan levies for land acquisition of \$21.50 per square metre.

FINANCIAL IMPLICATIONS:

A detailed proposal including costings of road construction was not provided by the landowner at the time of the request. Council's Assets and Works Group however has estimated the road construction and associated costs for this portion of Enterprise Avenue as follows:

Design/survey/investigation	\$20,000
Road Construction	\$210,000

Project Management \$18,000
Total estimated construction \$248,000

The combined acquisition and construction cost of delivering the remaining portion of Enterprise Avenue is therefore estimated to be \$320,000. This estimate considers the redesign of this portion of road to encourage one way traffic flow between the existing Enterprise Avenue road reserve, south to Quinns Lane.

At current, no development is proposed on the subject sites. If new development is proposed, development contributions would be levied at \$1,936.43 per Equivalent Tenement (ET). The square metre value of one ET varies between land uses as per the following:

Land Use	ET in m²
Industrial	200m ² (including car park and landscaped areas)
Bulky Goods	40m ²
Retail	10m ²
Commercial Office	100m ²

Alternatively if the subject sites were to be subdivided, each additional lot is equivalent to one ET.

As previously reported, no contributions have currently been collected for this particular project and the project is not currently identified for implementation in Council's capital works plan. Council's financial capacity to acquire this land at this point in time is therefore.

However, if Option Two is pursued, money would have to be borrowed from the Contributions Plan (Planning Area 1 pool). The pool has sufficient money to complete the acquisition of the subject lots, however levying of contributions on future development would need to recoup the amount borrowed and the recoupment period is uncertain. Pursuing Option 2 could be seen to be a financially beneficially decision at this point given the relatively low cost of acquisition versus the construction cost to be met by the proponents. This commitment would however need to be confirmed.

COMMUNITY ENGAGEMENT:

Community engagement will be undertaken as part of the review of the overall Area 1 Roads and Drainage Projects as per the legislative requirement.

Tim Fletcher
DIRECTOR PLANNING AND DEVELOPMENT

R.D Pigg
GENERAL MANAGER



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23 March 2015
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Attention: Jessica Volkanovski – Strategic Planner

BY EMAIL ONLY

jessica.volkanovski@shoalhaven.nsw.gov.au

Dear Jessica,

Re: Lot 26 DP 734975 and Part Lot 2 DP1170503, Enterprise Avenue, South Nowra

As per your instructions we are to provide a preliminary assessment of fair and reasonable compensation for the aforementioned allotments required for a proposed acquisition in conjunction with the construction of Enterprise Avenue, linking Browns Road and Quinn's Lane, at South Nowra. The compensation amounts will be utilised for initial reporting to Shoalhaven City Councils Development Committee and are subject to confirmation by way of a full valuation report and site inspection.

The land proposed to be acquired is a generally rectangular portion, comprising a total area of approximately 1191.4 square metres, located parallel and adjacent to the rear boundaries of the affected allotments and adjoining the Southern end of the existing Enterprise Avenue road reserve. The affected allotments both comprise large highway frontage sites (House No. 124 and 128).

The proposed acquisition of the land is considered to have no significant diminutive effect upon the residue parcel's value. Items of compensation as detailed within Section 55 (a) – (f) of the Lands Acquisition (Just Terms Compensation) Act 1991 are considered to be limited to the market value of the land plus reasonable disturbance items.

Having due regard to all aspects of the subject land and the proposed acquisition we consider fair and reasonable compensation to be as follows;

LOT 26 DP734975

609.2m² @ \$60/m² = \$36,552 as \$37,000

Part Lot 2 DP1170503

582.2m² @ \$60/m² = \$34,932 as \$35,000

WALSH & MONAGHAN PTY LTD

Adam Hopcroft AAPI
 Certified Practising Valuer
 Registered Valuer No. 3683

Members of:

Directors
 MJ Allen AAPI
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