



City of
Joondalup

MEMORANDUM

CONFIDENTIAL

TO: HIS WORSHIP THE MAYOR AND ALL COUNCILLORS

FROM: CHIEF EXECUTIVE OFFICER

DATE: 17 JULY 2006

FILE REF: 84563

OTHER REFS: 85558

LETTER NO:

SUBJECT: CONFIDENTIAL - PURCHASE OF SOUTHERN SIX LOTS IDENTIFIED WITHIN
THE STRUCTURE PLAN FOR THE FORMER CSIRO SITE - NOT FOR
PUBLICATION

Please find attached a confidential report relating to the possible purchase of the southern six (6) lots identified within the structure plan for the former CSIRO site, which has been listed for the consideration by the council at its ordinary meeting to be held on 18 July 2006. Attached to the report is a copy of the valuation of the sites obtained by the City.

It is proposed that this matter be dealt with behind closed doors at the Council meeting and the information circulated to you is to be handled in the strictest of confidence as it relates to the possible purchase of property.

If you require any additional information please do not hesitate to contact me prior to the meeting tomorrow evening.


GARRY HUNT
Chief Executive Officer

CONFIDENTIAL – NOT FOR PUBLICATION

COUNCIL MEETING – 18 JULY 2006

**PURCHASE OF SOUTHERN SIX LOTS IDENTIFIED WITHIN THE
STRUCTURE PLAN FOR THE FORMER CSIRO SITE – [84563] [85558]**

WARD: All

**RESPONSIBLE
A/DIRECTOR:** Mr Garry Hunt
Chief Executive Officer

PURPOSE

For Council to consider the purchase of the southern six lots identified within the structure plan for the former CSIRO site.

EXECUTIVE SUMMARY

This report identifies those actions which would need to be taken for Council to purchase the southern six lots. It identifies that the purchase price will be in the vicinity of \$10.4 million and recommends that Council not proceed with the purchase of the land.

BACKGROUND

Suburb/Location:	Lot 61 (No. 14) Leach Street, Marmion
Applicant:	Chappell & Lambert
Owner:	Marmion Estates Pty Ltd
Zoning:	DPS: Urban Development (R20)
	MRS: Urban
Site Area:	2.1885 hectares
Structure Plan:	Draft Marmion Structure Plan No. 9

At the Council meeting dated 29 June, Council resolved to seek an urgent report on the proposal that the City purchase the southern six lots on the former CSIRO site (page 10, Attachment 1). The area suggested for purchase is 3,641m² for use as Public Open Space.

Subsequent to the Special Council Meeting of 29 June 2006, the Chief Executive Officer contacted the developers' representatives, Satterley Property Group to ascertain their position on the proposal of the Council dated 29 June.

The response was that the owner syndicate was not interested in selling the six lots other than as part of the subdivision and that each site be sold separately after the subdivisional development was completed.

The structure plan presented to Council currently provides 10% of the site area as Public Open Space (POS). This amount of POS accords with the requirement for POS within planning policy. Further, the developer's representative confirmed at the Council meeting that the developer had no desire to provide additional POS. Consequently, for the southern six lots to be provided as POS, the City would need to purchase the lots.

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DETAILS

Issues and Options considered:

Valuation of the southern six lots has been provided by a licensed valuer. The market valuation provided for the lots is \$10.4 million.

The City could:

- Accept the report's recommendation; or
- Seek the preparation of a business plan in relation to the purchase of the six lots.

The City could also seek a contribution from another sphere of Government to assist with the land purchase. However, the potential for receiving such a contribution is negligible, particularly from the State Government due to its support for increased densities in current urban areas through Network City. The Minister for Planning has previously supported the rezoning of the site based on 10% POS contribution.

Link to Strategic Plan:

Not applicable.

Legislation – Statutory Provisions:

Section 3.59 of the Local Government Act requires Council to prepare, and advertise for public comment, a business plan if it wishes to enter into a major land transaction. The value of the six lots in questions means that Council purchase of the land would be a major land transaction.

Should Council move to proceed to continue to investigate the purchase of the land, a business plan will be prepared for public advertising.

Risk Management considerations:

The decision relates principally to the opportunity cost of using City revenue to purchase the lots.

Financial/Budget Implications:

No budget provision has been made for the purchase of the lots, and acquisition of the land has not been identified in the Strategic Financial Management Plan.

While the City's valuation of the lots is \$10.4 million, should the City decide to progress with the proposal to purchase, the total purchase price could be higher. That is, the developer is under no obligation to sell to the City and the developer would likely seek another valuation which could value the lots at a greater amount.

Alternatively, the developer could ask the City to purchase the lots through an open auction process. In this scenario, the City would pay the actual market price based on public demand for the lots. This could again be higher than the valuation.

Policy implications:

Not applicable.

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Regional Significance:

Not applicable.

Sustainability implications:

The purchase of the six lots for POS purposes could be considered as environmentally sustainable. However, it could equally be considered unsustainable from an urban development viewpoint, as 10% POS has already been provided on the site which is well located from an infrastructure servicing perspective located for additional dwellings.

Consultation:

Should Council wish to further consider the purchase of the subject lots, consultation on a business plan will be required as indicated previously.

COMMENT

While the purchase of the six lots for POS would meet the wishes of surrounding residents, the possible purchase price of \$10.4 million is significant. Council needs to consider whether this money could be better used for other purposes, particularly as the subject site is already providing 10% POS and there is a further portion of POS adjacent to the proposed subdivision in Cliff Street (Braden Park).

ATTACHMENTS

Attachment 1 – Valuation Report.

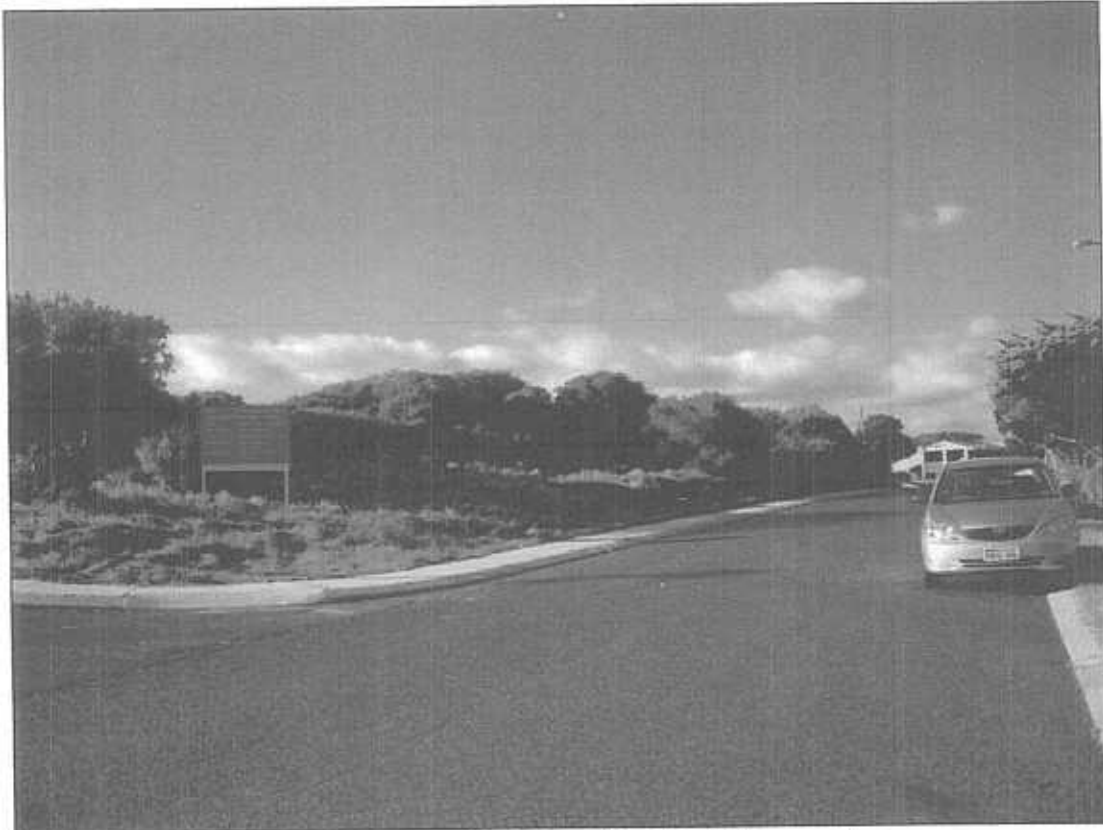
VOTING REQUIREMENTS

Simple majority.

RECOMMENDATION

That Council **NOTES** the report and, based on the valuation obtained, **NOT PROCEED** with the purchase of the six lots at the southern end of the structure plan of the former Commonwealth Scientific and Industrial Research Organisation site because of the high cost associated with the purchase.

VALUATION REPORT



Part of Lot 61 Leach St, Marmion

REGISTERED OFFICE
1/41 Regents Park Rd, Joondalup WA 6027
PO Box 3075, Joondalup WA 6919
Phone: (08) 9301 1025 Fax: (08) 9301 1027
E-mail: admin@fergusonfforde.com.au

SOUTH WEST OFFICE
PO Box 1235, Margaret River WA 6285
Phone: (08) 9755 9426 Fax: (08) 9755 9427
E-mail: glenn@fergusonfforde.com.au

VALUATION SUMMARY

CLIENT:

City of Joondalup

INSTRUCTIONS:

Thank you for your instructions to provide a market value for the six lots as detailed on the proposed plan of subdivision as shown on page of this report.

DATE OF VALUATION:

The subject property was inspected on the 13th July 2006.

BRIEF DESCRIPTION:

The property is situated one street back from West Coast Highway in the suburb of Marmion. The total Lot 61 is bounded by Troy Avenue to the south, Leach Street to the west, Ozone Road to the north and Cliff Street to the east. See site plan at page 14 of this report. The property is surrounded by a mixture of new and older houses. The lot is very elevated and provides good views to the ocean. The property is walking distance to the beach. The property is an irregular shaped lot, having a total area of 2.1892 hectares. The property is the former CSIRO site. The buildings on the site are in the process of being demolished.

The six lots to be valued are assumed created and provided with all the necessary services. These lots are situated on the southern part of the lot on Troy Avenue with two lots on Leach St and 1 on Cliff Street. These lots are elevated and slope up from the road from south to north. The land containing the six lots being valued is light bushland and the soils are sandy. The six lots according to the plan provided vary in size between 560 m2 and 660m2.

REPORT SUMMARY:

After due consideration of the findings of this report, a value has been determined for the six lots as follows:

Address	Most Probable Value	\$Rate M2
Lot 1 Troy Avenue (645m2)	\$1,550,000	\$2,403
Lot 2 Troy Avenue (581m2)	\$1,510,000	\$2,599
Lot 3 Troy Avenue (660m2)	\$1,800,000	\$2,727
Lot 4 Troy Avenue (635m2)	\$2,100,000	\$3,307
Lot 5 Leach Street (560m2)	\$1,750,000	\$3,125
Lot 6 Leach Street (560m2)	\$1,700,000	\$3,035
TOTAL VALUE	\$10,410,000	

These values are provided for subject properties, as at the date of inspection and on the assumption each lot is subdivided, fully serviced and has an unencumbered Certificate of Title issued.



Frank Ffardc AAPI
 Licensed Valuer No 553
 14th July 2006

Nb This summary should be read in conjunction with the full report

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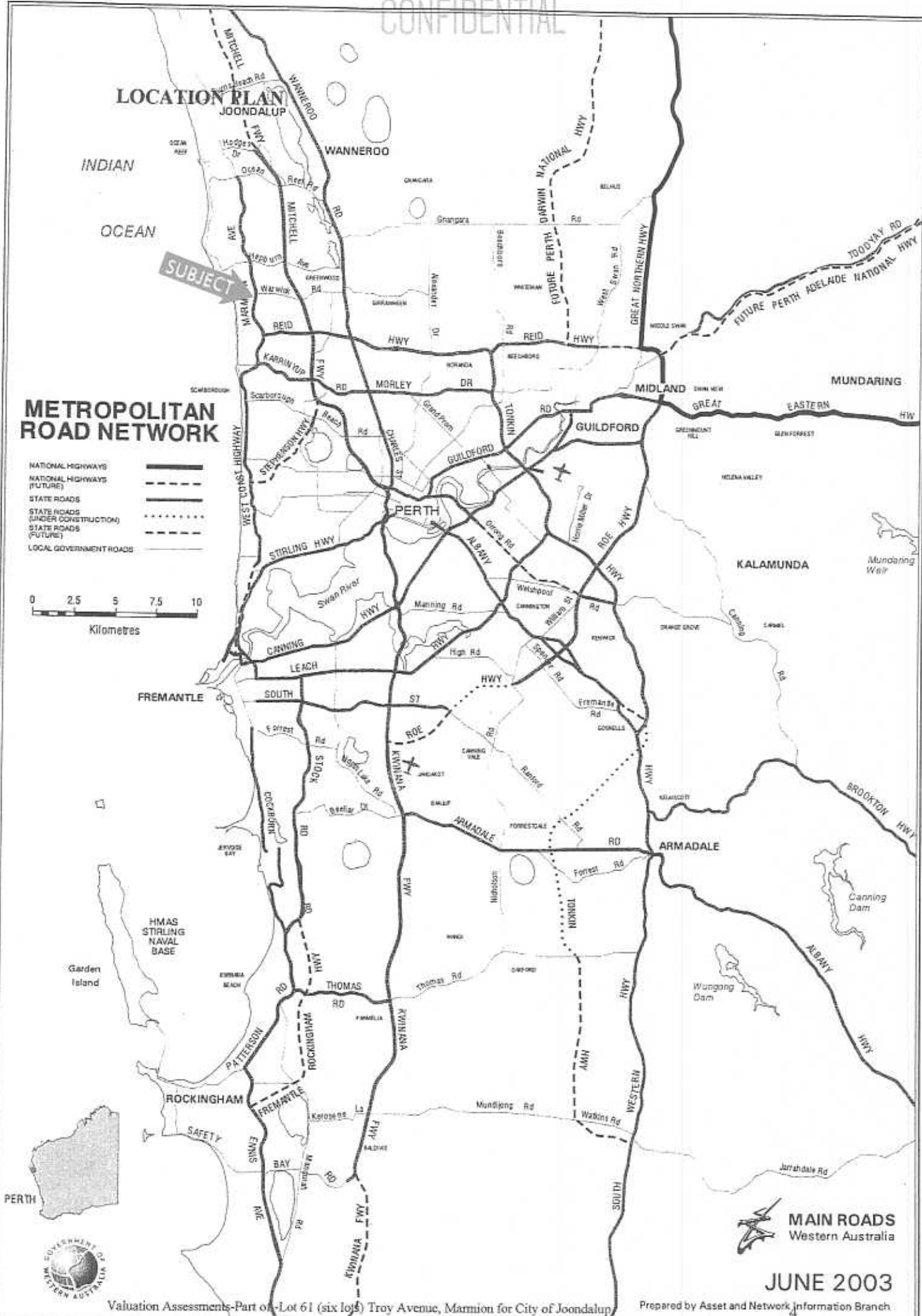
LOCATION PLAN
JOONDALUP

INDIAN
OCEAN

SUBJECT

METROPOLITAN
ROAD NETWORK

- NATIONAL HIGHWAYS
- NATIONAL HIGHWAYS (FUTURE)
- STATE ROADS
- STATE ROADS (UNDER CONSTRUCTION)
- STATE ROADS (FUTURE)
- LOCAL GOVERNMENT ROADS



MAIN ROADS
Western Australia

JUNE 2003



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Council has a proposed structure plan over the property as shown on the subdivision plan at page of this report. The intent of the structure plan is to guide the future subdivision and development of the land to create 35 single residential lots ranging from 441m² to 700 m² and 2191m² of public open space.

IMPROVEMENTS:

Being demolished.

MARKET COMMENTARY:

Analysis of sales of lots fronting West Coast Highway or with good views of the ocean have been carried out which indicates values between \$2,200 and \$3,200 per square metre.

SALES EVIDENCE:

Detailed below is the analysis of vacant land sales or for sale, in Marmion and adjoining coastal suburbs as at 13/7/2006.

Address	Suburb	No Lot	Area M2	Sale Price	\$ Per M2	Sale Date	Comments
Rona St	North Beach	No 12	506	\$1,500,000	\$2,964	Jun-06	Improvements add little to value of land. Property has good views but a few streets from beach.
Merrifield St	Mullaloo	No 17	440	\$1,300,000	\$2,955	Jun-06	Good location on western side of road, beach right in front. Views at second level. Sold before auction. May have obtained more at auction.
Merrifield St	Mullaloo	No 19	441	\$1,330,000	\$3,016	Jun-06	Good location on western side of road, beach right in front. Views at second level. Sold before auction. May have obtained more at auction.
West Coast Hwy	Trigg	No 9	910	\$3,800,000	\$4,176	Jun-06	Elevated lot with views of ocean and park. Duplex lot. Agents believe offer made and accepted. Superior property.
West Coast Hwy	North Beach	No 143	690	\$2,275,000	\$3,297	Jun-06	Two storey brick and tile improvements add \$200,000 Land value \$3,007 per square metre. Allowing for increases over 3 months rate more like \$3,225 m ² .
West Coast Hwy	North Beach	96	840	\$2,950,000	\$3,512	Jun-06	Single level house with added value of \$300,000 land value equates to \$3,154 per square metre.
West Coast Hwy	North Beach	102	890	\$3,100,000	\$3,483	Jun-06	Two storey brick and metal roofed dwelling needing renovation improvements estimated at \$400,000. Land equates to \$3,033 per square metre.
Drakes Walk	Sorrento		462	\$1,050,000	\$2,273	Asking	Two small lots for sale with Peter Peard Realty. According to agent fair amount of interest. The development of the service station site in front of the properties, will result in loss of some of the views. If a tower is built then again there will be an impact on values. Agent has received interest at \$1mill or \$2,164 per m ² .
			487	\$1,090,000	\$2,238	Asking	

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VALUATION METHOD:

Comparison with Sales Evidence

Valuation Assessments

In assessing a value for each of the six lots it has been necessary to consider the evidence and then take into consideration the shape, size, frontage, aspect and slope of each allotment and then determine a value range for each lot. The most probable value has been adopted as set out in this spreadsheet below:

Lot	Street	Area M2	Value Range (Millions)	Probable Value (Millions)	Comments
1	Troy Ave	645	\$1.5 to \$1.6	\$1.55	Corner Lot with potential views at two storey close to park
2	Troy Ave	581	\$1.45 to \$1.57	\$1.51	Internal lot with views south to valley below with potential ocean views
3	Troy Ave	660	\$1.70 to \$1.85	\$1.8	Internal lot with views south to valley below with potential ocean views. Bigger lot better views
4	Troy Ave	635	\$2.05 to \$2.2	\$2.1	Corner lot with views down road and to the south west. Won't be built out.
5	Leach St	560	\$1.70 to \$1.82	\$1.75	Will be affected by development on Lot 4 but will still have views at second level. Elevated lot
6	Leach St	560	\$1.65 to \$1.75	\$1.70	Will be affected by development on Lot 4 and 5 but will still have views at second level. Elevated lot

Comments on Assessment

The value range is based on the current dynamic market which is increasing on a monthly basis. The values take into consideration the elevated nature of the sites, the existing slope and aspect and proximity to services and does not take into consideration any earthworks proposed by the developer. The sites as have been valued as they were when inspected. All the lots will have good views of the valley to the south and ocean views to the west..

VALUATION CERTIFICATE

After due consideration of the findings of this report, a value has been determined for the six lots as follows:

Address	Most Probable Value	SRate M2
Lot 1 Troy Avenue (645m2)	\$1,550,000	\$2,403
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TOTAL VALUE	\$10,410,000	

These values are provided for subject properties, as at the date of inspection and assuming each lot is subdivided fully serviced and has an unencumbered Certificate of Title issued.


ASSUMPTIONS AND LIMITATIONS:

- No attempt has been made to determine whether the subject site has any Aboriginal significance. Should verification be required, then a report from a qualified person in these matters should be obtained.
- The portion of subject property being valued showed no obvious signs of contamination, when inspected. Therefore, the valuation is based on the assumption that the subject lots valued are not contaminated. However, should this need to be verified, then it would be necessary to obtain a contamination survey report from a specialist in this area.
- Every effort has been made to determine the accuracy of the sales evidence. Properties as advised by agents as sold have not yet settled.
- This is to certify that Ferguson Fforde have no pecuniary interest in the property other than in respect to their valuation fee.

DISCLAIMER

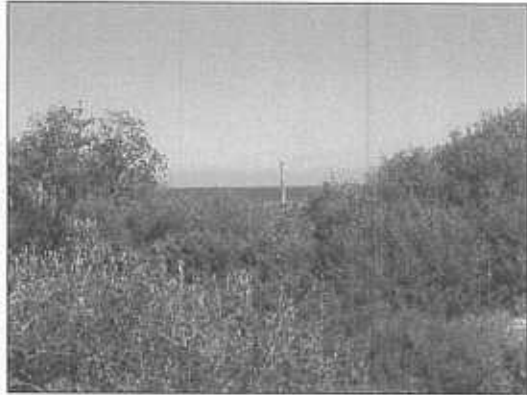
Finally, in accordance with my standard practice I must state that this report is for the use of the party to whom it is addressed and no responsibility is accepted to any third party for the whole or part of its content.

This valuation is current as at the date of valuation only. The value assessed herein may change significantly and unexpectedly over a relatively short period (including as a result of general market movements or factors specific to the particular property). We do not accept liability for losses arising from such subsequent changes in value. Without limiting the generality of the above comment we do not assume any responsibility or accept liability where this valuation is relied upon after the expiration of three months from the date of valuation.


Frank Fforde AAPI
Licensed Valuer No 553
13th July 2006

PHOTOGRAPHS OF SUBJECT LOTS

Views from lot 1 over valley and ocean



Views from internal lots 2 and 3

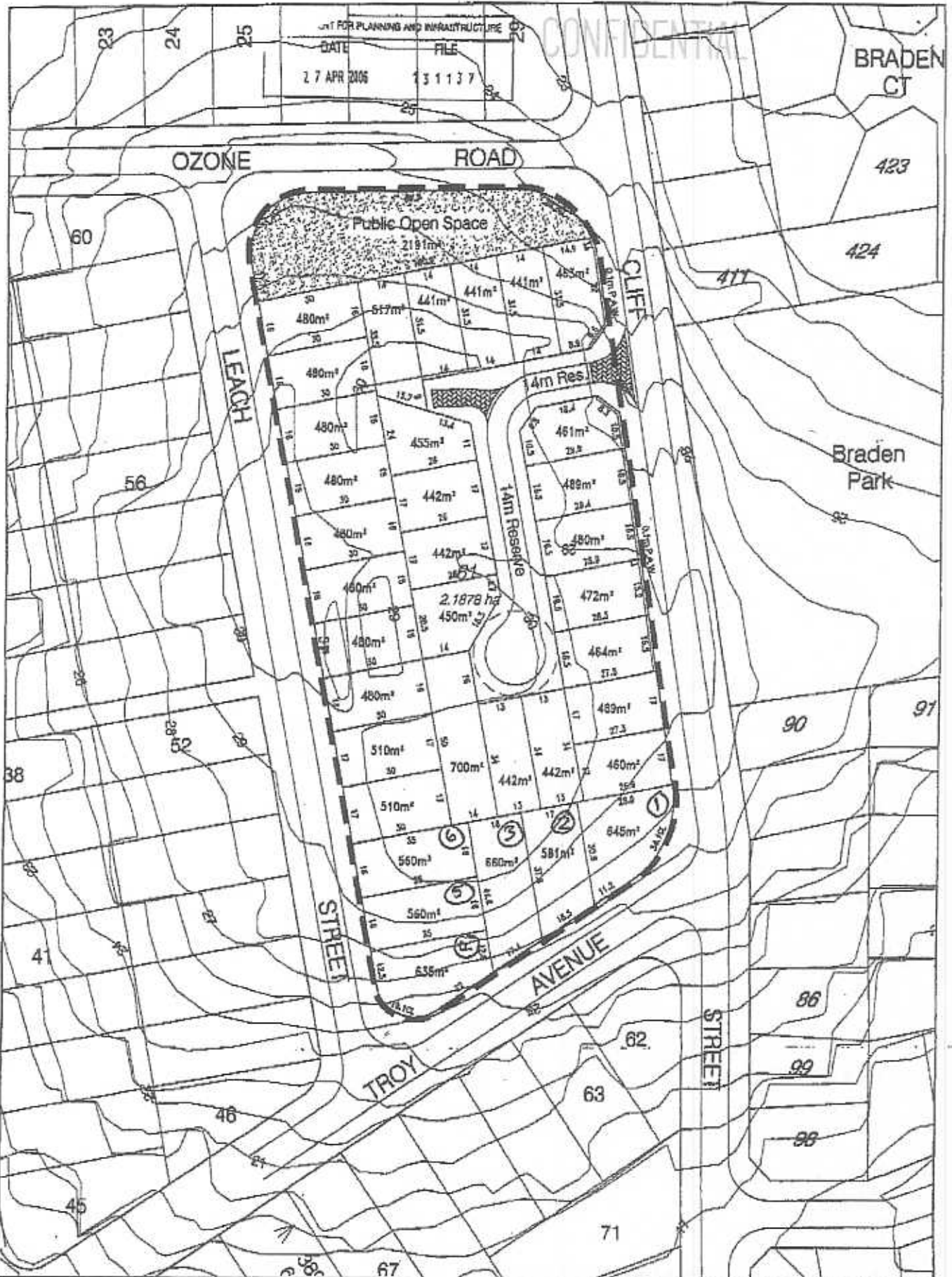


Views from Lot4



Views from Lot 5 and 6





PROPOSED SUBDIVISION
LOT 61 LEACH STREET, MARMION
CITY OF JOONDALUP

D.P.L. REP
 SINGLE OR LOTS
 GROUP
 NON RES.
 YIELD 36 LOTS



CHAPPELL
& LAMBERT
 TOWN PLANNING
 URBAN DESIGN



Applicator Area	SCALE 1:1 000	DATE 30.03.05	COMPILED CML, WJC	REMOVED	PLAN No. 2006-02
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CONFIDENTIAL

WESTERN



AUSTRALIA

REGISTER NUMBER 61/DP205288	
DUPLICATE EDITION 1	DATE DUPLICATE ISSUED 9/12/2003

RECORD OF CERTIFICATE OF TITLE
UNDER THE TRANSFER OF LAND ACT 1893

VOLUME **1468** FOLIO **300**

The person described in the first schedule is the registered proprietor of an estate in fee simple in the land described below subject to the reservations, conditions and depth limit contained in the original grant (if a grant issued) and to the limitations, interests, encumbrances and notifications shown in the second schedule.

RG Roberts
REGISTRAR OF TITLES

**LAND DESCRIPTION:**

LOT 61 ON DEPOSITED PLAN 205288

REGISTERED PROPRIETOR:
(FIRST SCHEDULE)

MARMION ESTATE PTY LTD OF 18 BOWMAN STREET, SOUTH PERTH
(T I713930) REGISTERED 2 DECEMBER 2003

LIMITATIONS, INTERESTS, ENCUMBRANCES AND NOTIFICATIONS:
(SECOND SCHEDULE)

1. 1713931 MORTGAGE TO NATIONAL AUSTRALIA BANK LTD REGISTERED 2.12.2003.

Warning: A current search of the sketch of the land should be obtained where detail of position, dimensions or area of the lot is required.
* Any entries preceded by an asterisk may not appear on the current edition of the duplicate certificate of title.
Lot as described in the land description may be a lot or location.

-----END OF CERTIFICATE OF TITLE-----

STATEMENTS:

The statements set out below are not intended to be nor should they be relied on as substitutes for inspection of the land and the relevant documents or for local government, legal, surveying or other professional advice.

SKETCH OF LAND: 1468-300.
PREVIOUS TITLE: 1413-506.
PROPERTY STREET ADDRESS: 14 LEACH ST, MARMION.
LOCAL GOVERNMENT AREA: CITY OF JOONDALUP.

NOTE 1: A000001A LAND PARCEL IDENTIFIER OF MARMION TOWN LOT/LOT 61 (OR THE PART THEREOF) ON SUPERSEDED PAPER CERTIFICATE OF TITLE CHANGED TO LOT 61 ON DEPOSITED PLAN 205288 ON 13-JUL-02 TO ENABLE ISSUE OF A DIGITAL CERTIFICATE OF TITLE.

NOTE 2: THE ABOVE NOTE MAY NOT BE SHOWN ON THE SUPERSEDED PAPER CERTIFICATE OF TITLE OR ON THE CURRENT EDITION OF DUPLICATE CERTIFICATE OF TITLE.

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ORIGINAL - NOT TO BE REMOVED FROM OFFICE OF T

CT 1468 0300 F



1468 300



Transfer B341892

WESTERN



AUSTRALIA

Volume 1413 Folio 506

CERTIFICATE OF TITLE

UNDER THE "TRANSFER OF LAND ACT, 1893" AS AMENDED

I certify that the person described in the First Schedule hereto is the registered proprietor of the undermentioned estate in the undermentioned land subject to the easements and encumbrances shown in the Second Schedule hereto.

DATED 24th May, 1977

L. O'Rourke
REGISTRAR OF TITLES



ESTATE AND LAND REFERRED TO

Estate in fee simple in Marmion Lot 61, delineated and coloured green on the map in the Third Schedule hereto, limited however to the natural surface and therefrom to a depth of 12.19 metres.

FIRST SCHEDULE (continued overleaf)

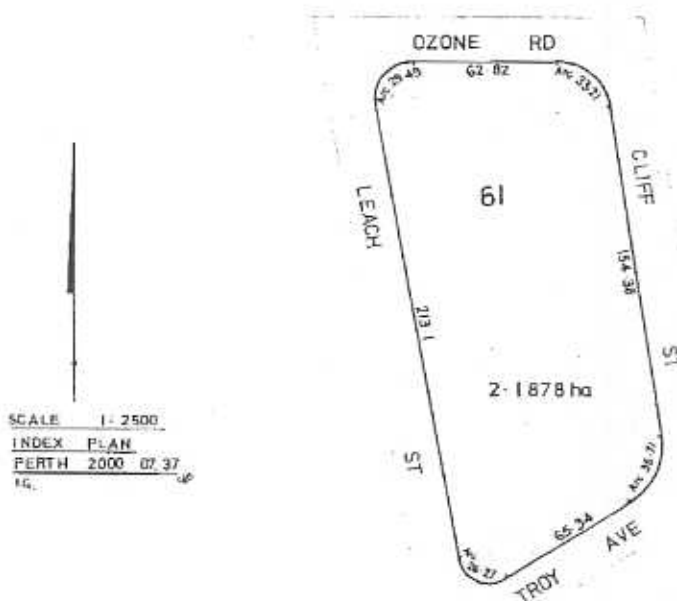
Commonwealth Scientific and Industrial Research Organization of Dickson, Australian Capital Territory.

SECOND SCHEDULE (continued overleaf)

NIL

L. O'Rourke
REGISTRAR OF TITLES

THIRD SCHEDULE



NOTE: RULING THROUGH AND SEALING WITH THE OFFICE SEAL INDICATES THAT AN ENTRY NO LONGER HAS EFFECT. ENTRIES NOT RULED THROUGH MAY BE AFFECTED BY SUBSEQUENT ENDORSEMENTS.

83063/12/76-204-5/2560

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Superseded - Copy for Sketch Only

PERSONS ARE CAUTIONED AGAINST ALTERING OR ADDING TO THIS CERTIFICATE OR ANY NOTIFICATION HEREON



SITE PLAN