

**17      REPORTS BY OFFICERS**

**17.1      REPORT TITLE:      UPDATE ON THE PROPOSED SALE OF  
                                         ALLOTMENTS AT BRITANNIA ROAD &  
                                         CHAPMAN CRESCENT NAIRNE**  
**DATE OF MEETING: 3 SEPTEMBER 2007**  
**AUTHOR:      BILL GRAHAM**  
**AUTHOR'S TITLE:      CONTRACTS & PROPERTY CO-  
                                         ORDINATOR**  
**REPRESENTORS:      NIL**  
**FILE NUMBER:      10/10/056**  
**DEPARTMENT:      ASSETS & INFRASTRUCTURE**  
**DEPARTMENT**  
**MANAGER:      BRIAN CLANCEY**

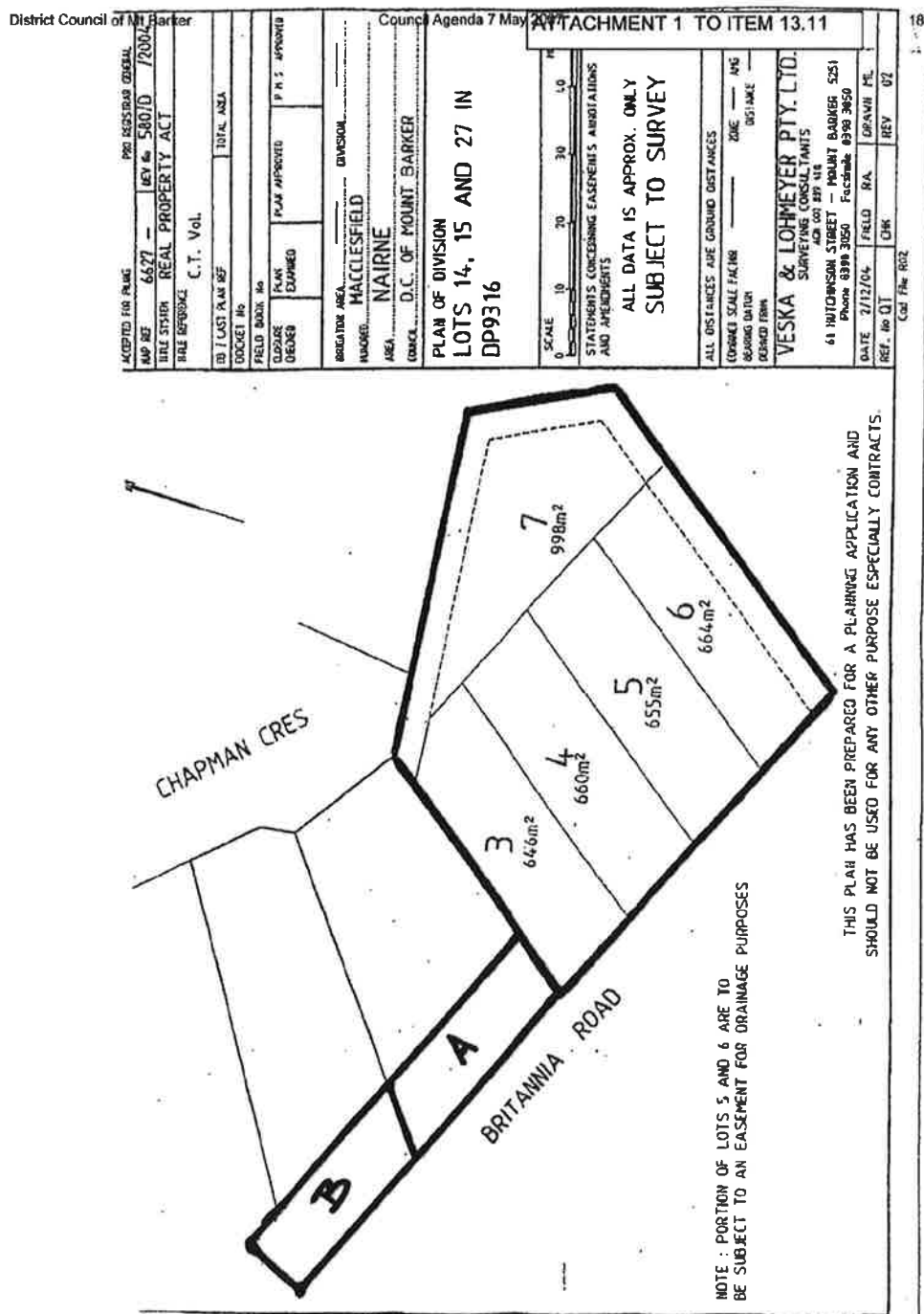
Moved Cr Gamble that Council:

1. Notes this report;
2. Orders pursuant to Section 91(7), (8) and (9) of the Local Government Act 1999 that attachment 2 relating to this item be kept confidential until settlement of the sale of the land or 7 May 2008, whichever is the sooner; and
3. If Council determines to seek to accept the latest offer for the purchase of all five (5) allotments, that the necessary procedural arrangements under the Local Government Act Procedures at Meetings Regulations be undertaken, with a further report and written notice of motion to be presented to Council and the selling agent be advised accordingly

Seconded Cr Stokes and CARRIED



## ATTACHMENT 1 – PLAN



**ATTACHMENT 2 - CONFIDENTIAL ATTACHMENT****A. LATEST OFFER RECEIVED**

a)	Allotment 3	\$100,000
b)	Allotment 4	\$100,000
c)	Allotment 5	\$95,000
d)	Allotment 6	\$105,000
e)	Allotment 7	<u>\$110,000</u>
	Total	<u>\$510,000</u>

These offers equal the original sale price estimate provided by Century 21.

The prices include GST. The GST exclusive price is \$463,636.

**B. OFFER CONSIDERED ON 7 MAY 2007**

District Council of Mt Barker

Council Agenda 7 May 2007

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**Attachment 2  
Confidential Item  
Offer to purchase**

An offer has been submitted to Council through Century 21 to purchase allotments 3, 4, 5, 6 and 7 Britannia Road, Nairne as one sale for the sum of \$412,250.

A valuation from CBRE Richard Ellis (attachment 3) indicates that the offer of \$412,250 as one sale reflects market value.

It is recommended that the offer remain confidential until settlement of the proposed land sale or 7 May 2008 whichever is sooner.

## **C. INDEPENDENT VALUATION**

## VALUATION &amp; ADVISORY SERVICES



CB Richard Ellis (S) Pty Ltd  
ABN 94 007 755 106

Level 11, 80 King William Street  
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23 March 2007

Mr David Ninio  
Special Projects Officer  
District Council of Mount Barker  
23 Mann Street  
MOUNT BARKER SA 5251

Dear David,

**Valuation of Lots 3-7 Britannia Road & Chapman Crescent Nairne SA**

Acting under your instructions dated 28 February 2007, we have carried out a Market Valuation of the above mentioned land on the basis that it is to be sold as a whole or *in-one-line*, not as the aggregate of individual allotments.

We report as follows:

**Date of Inspection**

1 March 2007.

**Date of Valuation**

1 March 2007.

**Location**

The property under consideration is situated in the Adelaide Hills township of Nairne being approximately 40 km south east of the Adelaide CBD. Access to the town of Nairne is via the SE Freeway by way of the Mount Barker turn off. The town has expanded in recent years with residential development occurring on both the northern and southern sides of the Princes Highway, the main road through the town.

The subject property is situated amongst a mixture of older and more modern homes, some of which are timber framed on conventional sized blocks. The subject land has frontage to an unsealed section of Britannia Road, which is a no through road immediately to the west of the subject land.

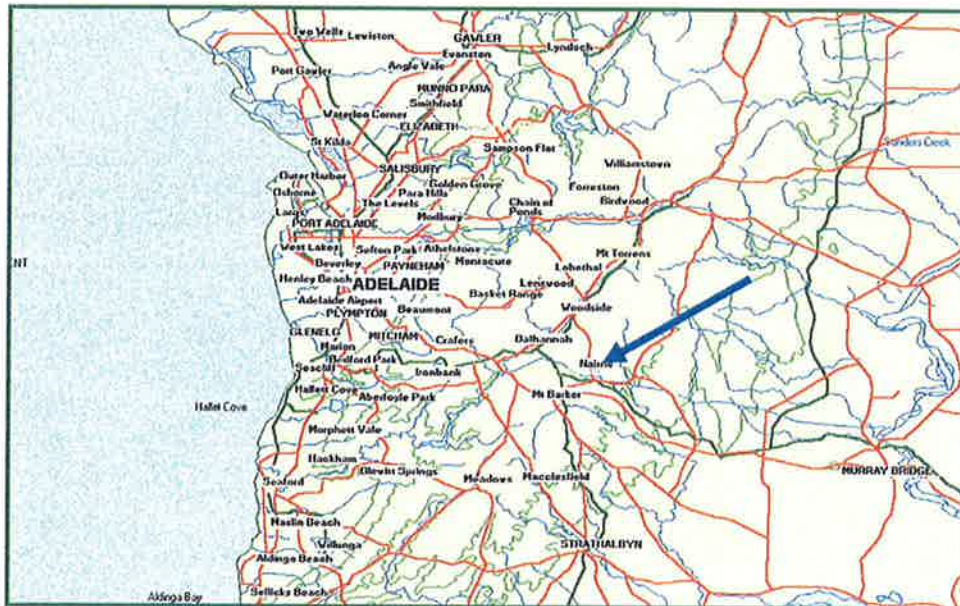
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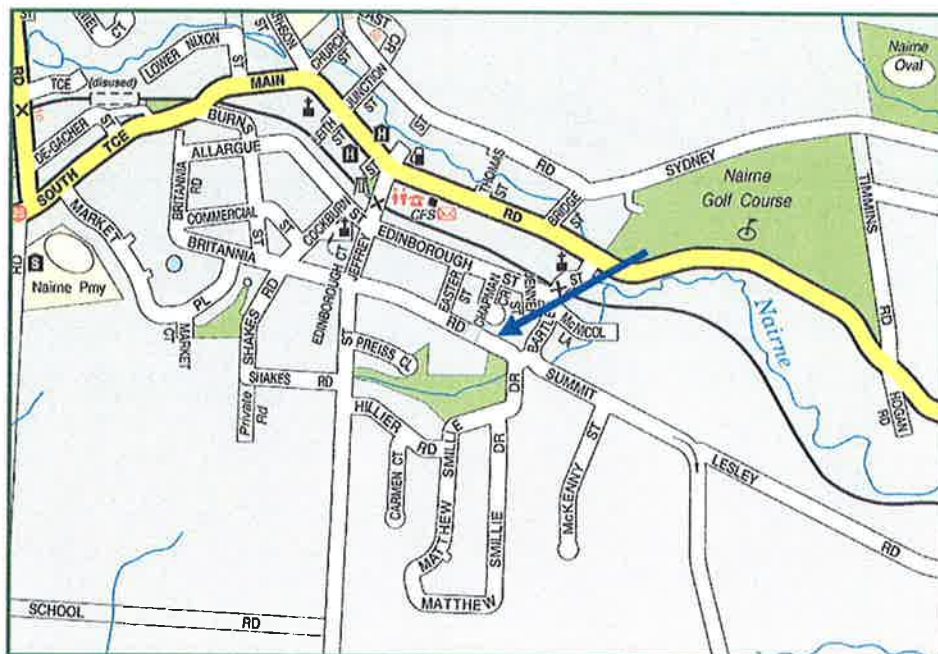
**CBRE**  
 CB RICHARD ELLIS

23 March 2007

The following map indicates Nairne within the Outer Adelaide Metropolitan area.



The following map indicates the subject land within the Nairne township.



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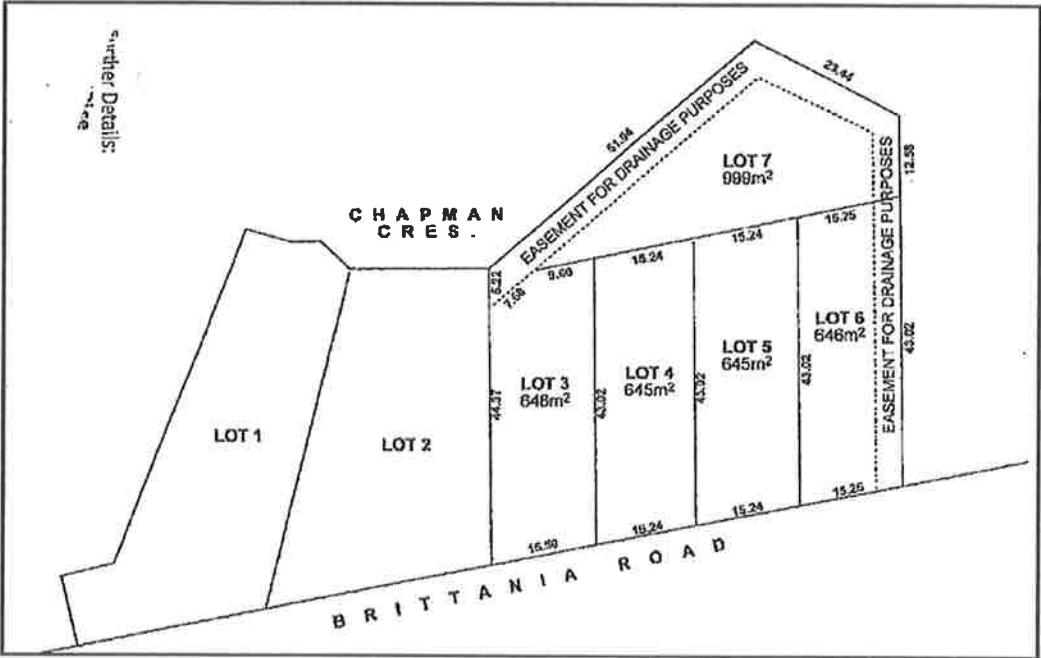
**CBRE**  
CB RICHARD ELLIS  
23 March 2007

**Legal Details**

The land which is the subject of this valuation is contained within the portion of the following Certificate of Title:

Allotment No.	Deposited Plan No.	Portion of Certificate of Title		Registered Proprietor
		Volume	Folio	
27	9316	3345	162	District Council of Mount Barker

Depicted below is a copy of the plan of division which has been prepared over the subject land by the prospective purchaser. We understand that whilst no planning approval exists for this plan, there is unlikely to be any opposition to it, subject to the usual conditions imposed by the Council.







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23 March 2007

**Town Planning**

The land is zoned Residential pursuant to the Development Plan – Outer Metropolitan Adelaide as it relates to the District Council of Port Adelaide. It is also contained within Policy Area 21 (Medium Density Area).

Key objectives of this zone are:-

- A residential zone primarily containing detached dwellings and land uses ancillary to the residential land use and compatible with the residential character, set in landscaped grounds providing visual separation between dwellings.
- A range of medium density housing types (including detached dwellings on small allotments, group dwellings, semi detached dwellings, row dwellings, residential flat buildings and multiple dwellings) in select locations.

Policy Area 21 (Medium Density Area)

Minimum Site Areas – Detached Dwellings 400 sq m, Frontage 12 metres

- Semi Detached Dwellings 300 sq m, Frontage 9 metres
- Row Dwelling or Residential Flat Bldg, 250 sq m

**Physical Description**

The land is cleared of all vegetation and is vacant of all improvements, being utilised as a reserve for many years. The property is very steep land, sloping sharply downwards in an easterly and southerly direction. It has dual access from both Britannia Road and Chapman Crescent.

**Market Commentary**

The Mount Barker Council area is one of the fastest growing Council districts in the Adelaide metropolitan and outer metropolitan areas. There has been considerable development for residential purposes in the main townships of Mount Barker, Littlehampton and Nairne and this has been greatly reinforced by the improvements including the provision of tunnels through the hills and the straightening of the roadway for the South Eastern Freeway which reduces the commuting time to the Adelaide Central Business District by a considerable margin.

This has further increased the demand for properties with a rural hills flavour, providing an alternative to the metropolitan suburb locations. There appears to be many purchasers attracted by the idea of living in a rural environment yet within close proximity to a full range of shopping and service facilities. The continuation of low interest rates and the provision of concessions to first homebuyers by the Federal Government, have also assisted this process. Demand for residential allotments like those proposed in the subject parcel of land continue to be reasonably strong, although demand has slowed from the period 2001 – 2005.

Whilst there was a definite market during the years 2000- 2004 for residential blocks in the Mount Barker Council with areas greater than 2,000 square metres up to around 4,000 square metres, this trend has diminished with the vast majority of buyers preferring the more manageable conventional sized allotments anywhere between 400 – 1,000 square metres.



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 CB RICHARD ELLIS

23 March 2007

As a consequence of the recent Mount Barker District Wide Residential Plan Amendment Report (PAR), the subject land has been included in a Policy Area 21 Medium Density precinct which means the land can be divided into allotments as low as 400 sq m for detached dwellings, 300 sq m for semi detached dwellings and 250 sq m for units in residential flat buildings or row dwellings. Whether or not one would take advantage of this opportunity to more intensively develop the subject land is open to question. The steeply sloping nature of the land and the fact that surrounding development is on larger allotments would tend to suggest the land is best suited to subdivision into the larger 600 sq m plus allotments, as has been proposed.

**Residential Allotment Sales - Nairne**

The following is a sample of Residential zoned land sales in the township of Nairne over the past 12 months.

<b>Residential Zoned Allotment Sales</b>				
<b>Property Address</b>	<b>Sale Price</b>	<b>Date</b>	<b>Land Area sqm</b>	<b>Rate per sqm</b>
Lot 19 Jeffrey Street Nairne	\$125,000	Jan-07	900	\$139
5A Bassett Street Nairne	\$100,500	Apr-06	690	\$146
Lot 1018 Rachel Circuit Nairne	\$102,500	Jun-06	680	\$151
Lot 1020 Rachel Circuit Nairne	\$99,500	Feb-07	680	\$146
Lot 1021 Rachel Circuit Nairne	\$99,000	Jun-06	680	\$146
Lot 1 Clydesdale Place Nairne	\$102,000	Aug-06	654	\$156
Lot 32 Clydesdale Place Nairne	\$108,000	Jul-06	650	\$166
Unit 12, 11 Britannia Rd Nairne	\$100,000	Dec-06	639	\$156
Unit 11, 11 Britannia Rd Nairne	\$100,000	Jan-07	638	\$157
5 Margaret Court Nairne	\$95,000	Sep-06	608	\$156
Lot 1008 Rachel Circuit Nairne	\$92,500	Nov-06	588	\$157
Unit 10, 11 Britannia Rd Nairne	\$105,000	Dec-06	568	\$185
Lot 13 Federation Way Nairne	\$80,000	Dec-06	540	\$148
31 Elizabeth Street Nairne	\$75,000	Jan-06	405	\$185

**Valuation Approach**

Our approach to the valuation of this parcel of land bearing in mind we are valuing the whole of the land as one parcel, is to utilise the Hypothetical Development approach. This method involves estimating the gross realisation that could be obtained from the sale of the most likely number of allotments to be subdivided from the land, and then deducting selling costs, a profit and risk margin to the developer undertaking the project, and any necessary development costs, costs to obtain development approval and holding costs.

We have based our calculations on the concept plan provided to us (a copy of which is depicted on page 3 of this report. This plan denotes 5 conventional sized residential allotments (Lots 3-7), all with areas greater than 600 sq m. Lots 6 and 7 would be affected by significant drainage easements.

The values adopted on the hypothetical allotments are based on the latest land sales and take into account their respective size and topography. The Profit and Risk Margin is fairly nominal at 5% and reflects the limited risk associated with a venture of this nature. The development and holding

## VALUATION &amp; ADVISORY SERVICES



23 March 2007

costs are our indicative estimates. The residual value after all deductions is around \$410,000 which is very close to the proposed contract price for the land of \$412,250.

Our calculations using the Hypothetical Development Approach are as follows:

HYPOTHETICAL DEVELOPMENT APPROACH				
<b>GROSS REALISATION: (Including GST)</b>	Lots 3-6	\$105,000 each		<b>\$420,000</b>
	Lot 7	\$120,000		<b>\$120,000</b>
				<b>\$540,000</b>
Less GST (Based on Purchase Price of \$412,250)				<b>(\$37,477)</b>
				<b>\$502,523</b>
less				
<b>SELLING COSTS</b>				
~ Agents Commission	2.00%		(\$10,800)	
~ Marketing	0.50%		(\$2,700)	
~ Legal Fees	0.25%		(\$1,350)	
				<b>(\$14,850)</b>
<b>NET REALISATION</b>				<b>\$487,673</b>
less				
<b>PROFIT &amp; RISK FACTOR @</b>	5.00%			<b>(\$23,223)</b>
<b>DEVELOPMENT COSTS &amp; LAND</b>				<b>\$464,450</b>
less				
Survey Costs			(\$5,000)	
Earthworks Costs			\$0	
Engineering Costs			\$0	
Professional Fees @ 6%			\$0	
Development Approval			(\$5,000)	
LTO Charges			(\$5,000)	
Total			<b>(\$15,000)</b>	
less				
Interest on Development & Holding Costs	6	months @	8.50%	(\$638)
				<b>(\$15,638)</b>
<b>RESIDUAL VALUE INCLUDING INTEREST</b>				<b>\$448,813</b>
less				
Interest on land	6	months @	8.50%	(\$17,580)
				<b>\$431,232</b>
less				
Stamp Duty & Legal Fees			5.50%	<b>(\$22,481)</b>
				<b>\$408,751</b>
<b>RESIDUAL VALUE</b>		Adopted		<b>\$410,000</b>
		Rate / sqm.		<b>\$114</b>
<i>This analysis is purely for the purposes of a guide and sets out one such permutation in support of our opinion of value.</i>				

We would therefore conclude that the price offered for the land of \$412,250 is fair and reasonable.

## VALUATION &amp; ADVISORY SERVICES

**CBRE**  
CB RICHARD ELLIS

23 March 2007

**Certification of Values**

We are of the opinion that the Market Value of the whole of the land as elaborated upon within this report, as at the 1 March 2007 is:-

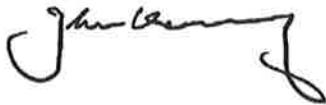
\$410,000 (Four Hundred and Ten Thousand Dollars)

We confirm that the above values are net of GST.

**Special Notes**

This report has been prepared for the private and confidential use of the District Council of Mount Barker for its purposes and should not be reproduced in whole or in part or relied upon for any other purpose by any other party without our expressed written authority.

Yours sincerely  
CB Richard Ellis (S) Pty Ltd



John Kenny FAPI Dip.Tech.Val  
Certified Practising Valuer  
Director – Valuation & Advisory Services

**D. SUMMARY OF INCOME & EXPENDITURE**

<b>INCOME (EXC GST) LATEST OFFER</b>	<b>\$463,636</b>
<b>LESS</b>	
Land division & other associated costs	\$50,000
Selling agents fees	\$14,025
Remaining	<u>\$399,611</u>
<b><u>Proposed Distribution of Proceeds</u></b>	
Car park at Nairne Oval	\$39,830
Remaining	<u>\$359,781</u>
Byethorne Park (Stage 1)	\$325,000
Byethorne Park (Stage 1) interest	\$5,500
Remaining	<u>\$29,281</u>
Upgrade of Britannia Road, Nairne (2005/06 estimate)	\$83,000
Shortfall	<u>(\$53,719)</u>

**13.2**      **REPORT TITLE:**      **TENDER 2007.004 - RUBBLE CRUSHING  
AT MONARTO QUARRIES**

**DATE OF MEETING:**   **3 SEPTEMBER 2007**

**AUTHOR:**                **BILL GRAHAM**

**AUTHOR'S TITLE:**    **CONTRACTS & PROPERTY CO-  
ORDINATOR**

**REPRESENTORS:**    **NIL**

**FILE NUMBER:**        **70/030/160  
70/040/117**

**ATTACHMENTS:**      **CONFIDENTIAL ATTACHMENT –  
TENDERED RATES & PAYMENT TERMS**

**DEPARTMENT:**        **ASSETS & INFRASTRUCTURE**

**DEPARTMENT  
MANAGER:**            **BRIAN CLANCEY**

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**PURPOSE**

To gain Council's approval to award tender 2007.004, Rubble Crushing at Monarto Quarries to Smithy's Crushing Services Pty Ltd.

**RECOMMENDATION**

That Council:

1. Awards tender 2007.004 Rubble Crushing at Monarto Quarries to Smithy's Crushing Services Pty Ltd at the schedule of rates shown in the confidential attachment to this report, for the supply of approximately 122,000 tonnes of rubble produced to relevant specifications.
2. Orders pursuant to Section 91(7) and (9) of the Local Government Act 1999 that the tendered rates contained in Attachment 1, excluding the total costs shown under "2006/07 Expenditure" and "2007/08 Expenditure" are kept confidential until 20 August 2008 given they include commercial information of a confidential nature.