

ITEM 4 WEST DAPTO LANDS - 231 SHEAFFES ROAD, DOMBARTON

This report recommends the disposal of the parcel of operational land owned by Council known as 231 Sheaffes Road (Lot 23 DP 790915), Dombarton subject to the registration of a positive public covenant in relation to heritage considerations on the site.

The proposal to dispose of the Sheaffes Road land parcel will activate the development pipeline in West Dapto and contribute to housing supply in the area.

It is further proposed that the net proceeds of the sale be allocated to social, recreational and cultural amenities in the West Dapto release area.

RECOMMENDATION

- 1 Council resolves to dispose of the property known as 231 Sheaffes Road, Dombarton, being Lot 23 DP 790915 as proposed by this report.
- 2 Council register a positive public covenant on the property known as 231 Sheaffes Road, Dombarton, being Lot 23 DP 790915 prior to sale in relation to heritage obligations on the site.
- 3 The net proceeds of the sale be allocated to social, recreational and cultural amenities in the West Dapto release area.
- 4 Council resolves to rescind previous resolutions in relation to the property known as 231 Sheaffes Road, Dombarton to the extent that they have not been enacted.
- 5 The General Manager be authorised to appoint an independent (external) probity advisor to provide advice and oversight in relation to the sales process to ensure probity requirements are met.
- 6 The General Manager be authorised to approve the sales strategy, negotiations and final sale price relating to the disposal of the property known as 231 Sheaffes Road, Dombarton, being Lot 23 DP 790915.
- 7 A confidential briefing be provided to Councillors prior to exchanging contracts with a potential purchaser to provide an update on the sales campaign and proposed sale terms.
- 8 The General Manager be granted authority to sign any documentation to give effect to this resolution.
- 9 Council grant authority for the use of the Common Seal of Council on all documents relevant to this matter, should it be required to give effect to this resolution.

REPORT AUTHORISATIONS

Report of: Lucielle Power, Manager Property + Recreation
Authorised by: Kerry Hunt, Director Community Services - Creative and Innovative City

ATTACHMENTS

There are no attachments for this report.

BACKGROUND

Acquisition and Classification

Council originally resolved to acquire Stream Hill on 28 October 1991 for the purpose of redevelopment and environmental protection. The 'redevelopment' component referred to the southern portion of the property and the 'environmental protection' component referred to the rainforest on the portion north of Sheaffes Road. Whilst the 'redevelopment' purpose was referred to in Council's original acquisition, there has been no development on site since Council acquired the property.

A further report was submitted to Council on 2 December 1991 due to a renegotiation of the purchase price. Council ultimately acquired the property on 6 April 1992 for \$575,000. At that time, the property was zoned 1 Non-Urban under the Wollongong LEP 1990.

On 23 May 1994, following the introduction of the *Local Government Act 1993* (NSW), Council classified the property as operational.

Property Particulars

Stream Hill is 42.5 ha in size with 14.13 ha on the northern side of Sheaffes Road and 28.37 ha on the south-western side of the road.

Stream Hill is zoned part R2 Low Density Residential and part C3 Environmental Management as shown in Figure 1 and 2 below. The objectives of each zone, as stated in the Wollongong LEP 2009 are stated in the following table:

Zone	Objectives
R2 Low Density Residential	<ul style="list-style-type: none"> To provide for the housing needs of the community within a low-density residential environment. To enable other land uses that provide facilities or services to meet the day to day needs of residents.
C3 Environmental Management	<ul style="list-style-type: none"> To protect, manage and restore areas with special ecological, scientific, cultural or aesthetic values. To provide for a limited range of development that does not have an adverse effect on those values.

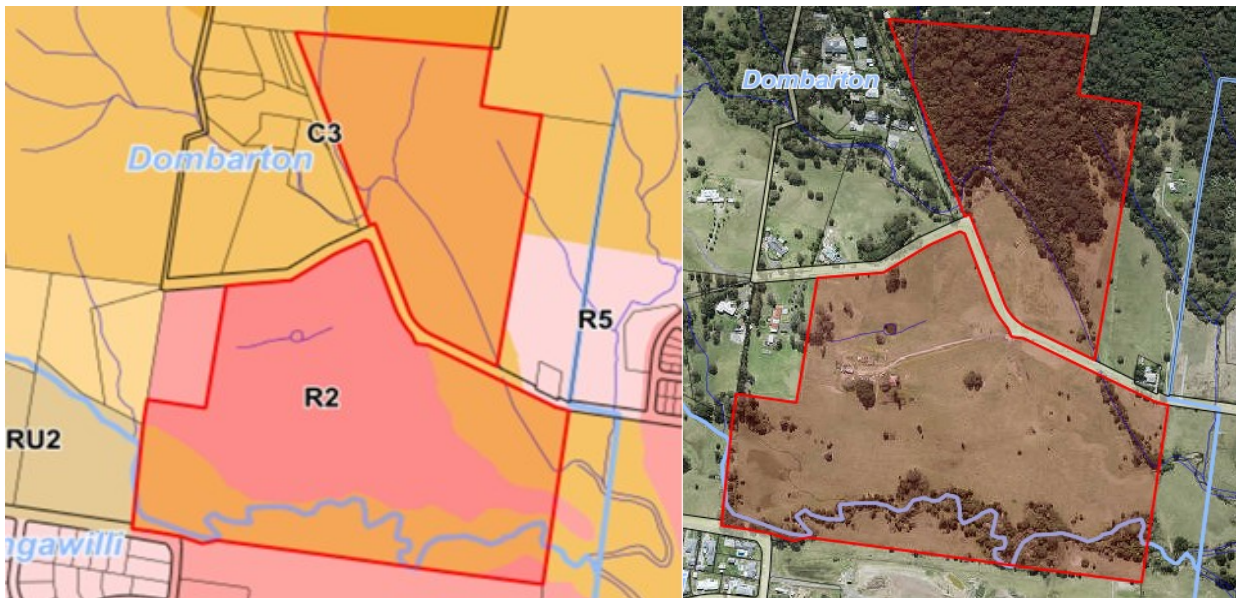


Figure 1 and 2: Aerial imagery of Stream Hill

When Council acquired Stream Hill, the property comprised of:

- Homestead cottage (circa 1840 - 1880)
- Second cottage (circa 1950 – 1960)
- Tool harness room
- Dairy
- Feed shed.

As stated above, Council originally acquired Stream Hill for redevelopment and environmental protection, with the environmental protection component relating to the portion of the property comprising existing rainforest, which at the time was a popular recreation area.

On 11 August 1993 Council resolved to include the heritage listing of the homestead and outbuildings as local heritage items in the Development Control Plan No.42 Heritage. On 7 January 2000 the heritage schedule was transferred from the DCP to the Wollongong LEP 1990 via Amendment No.142.

In May 2010, as part of the Wollongong (West Dapto) LEP 2010 Stream Hill was rezoned from Zone 1 Non-Urban to part R2 Residential and part E3 Environment Management (now C3 Environmental Management) to reflect this purpose. The portion of the site listed as a local heritage item was also expanded to include the curtilage around the homestead and outbuildings. On 6 June 2014 the Wollongong (West Dapto) LEP 2010 was merged into the Wollongong LEP 2009, with the zoning and heritage listing transferred into the City-wide instrument.

Since acquisition, the southern portion of Stream Hill (excluding the dwellings) has been licensed for agistment purposes. The dwellings on the site have not been occupied, except for the dairy which has been used to store materials and equipment from time to time.

Heritage Considerations

When Council acquired Stream Hill, the 1880s cottage had not been identified as a heritage item in the Wollongong LEP 1990 and as such, was not subject to any special development controls or protections. The report informing the Council resolution of 28 October 1991 recommended that the cottage be demolished.

On 1 July 1994, a Conservation Plan was commissioned by Council to evaluate the heritage significance of the cottage and provide recommendations for its future use. Subsequently, a further report was prepared by Design 5 Architects in September 1998, detailing the works required to be undertaken to repair the dwelling and restore it to a useable condition, with estimated costs in the sum of \$560,000 (excluding outbuildings). Noting the estimated costs to restore the cottage almost equalled the purchase price for Stream Hill, Council did not proceed with the works. Council did fence the cottage to protect the property from vandalism and/or arson.

On 31 July 1995 Council resolved to:

'create a separate land title for the Stream Hill homestead including the homestead and gardens, yards, outbuildings and parking area and sell it with a covenant ensuring that conservation work as detailed in the Design 5 Architects report is carried out within a reasonable time'.

This resolution was not acted upon due to the zoning of Stream Hill at the time being non-urban, and the fact that the proposed new lot did not satisfy the minimum lot size for a non-urban zone. Since then, and as stated above, Stream Hill has been rezoned R2 Residential which would facilitate the 1995 resolution of Council.

If Council supports the disposal of Stream Hill, it is recommended that the 1995 resolution be rescinded as part of any Council resolution. This will ensure there are no outstanding obligations with respect to Council's involvement in Stream Hill following its disposal.

Currently, the Wollongong Local Environmental Plan 2009 lists the Stream Hill cottage and outbuildings as items of local significance. Council's Heritage team have advised that a local heritage listing provides no surety of Council's ability to enforce that a developer maintain and restore the heritage asset. Noting this, the recommended approach is that Council also seeks to register a positive covenant on the site to assist with protection of the heritage items on top of the existing protections provided under the local heritage listing.

Licences Affecting the Property

At present, Stream Hill is subject to the licence agreements relating to agistment and a licence allowing access and works associated with a development approval connected with the land south of the creek at the southern end of the property closest to Smiths Lane.

Aerial images of the respective licence areas are shown below.



Figure 3: Aerial imagery of licence areas

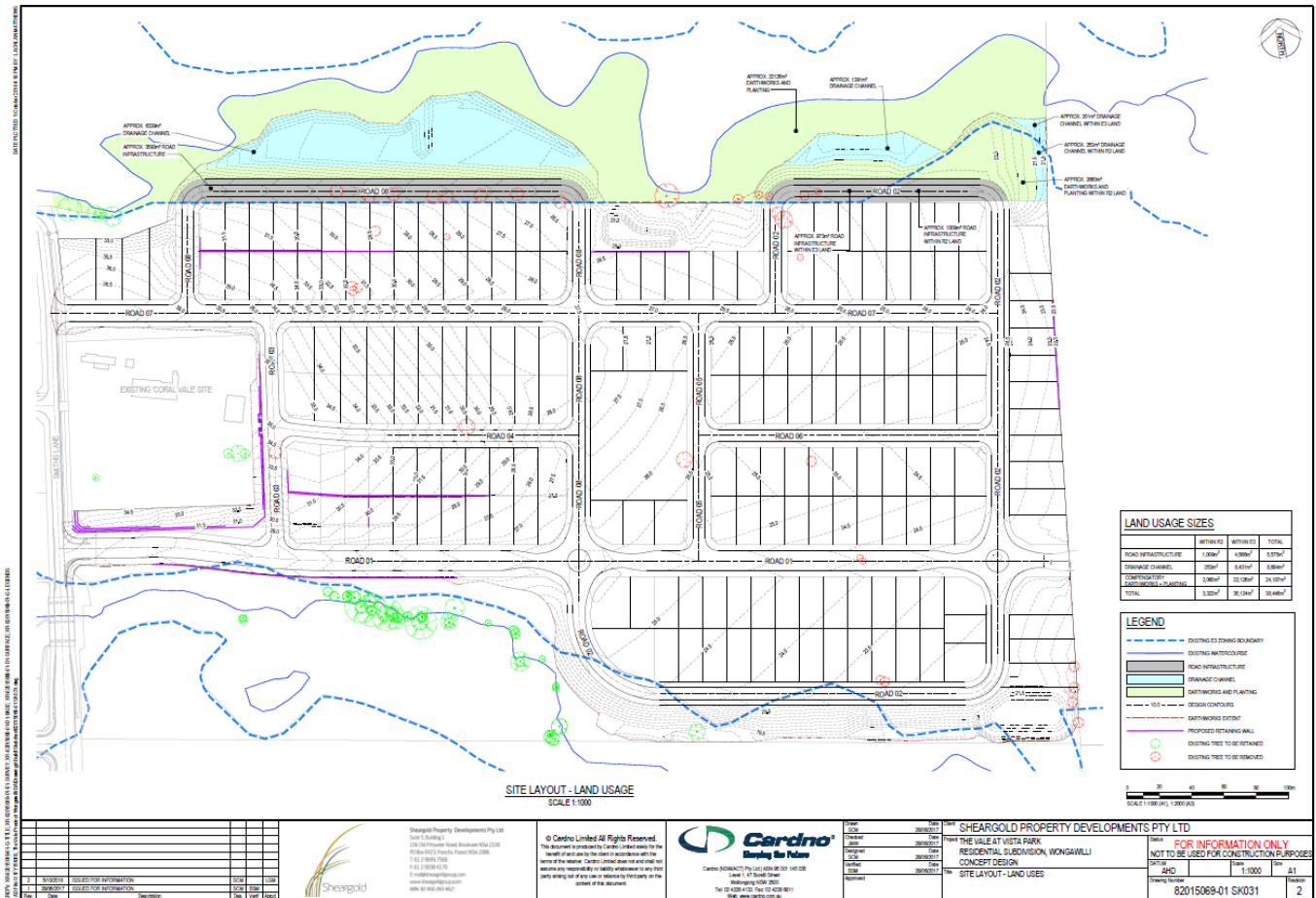


Figure 4: Aerial imagery of licence areas

Supply shortage considerations

Stream Hill is located in stage 1/2 of the West Dapto Release Area. Overall, West Dapto is expected to deliver 19,500 dwellings over 50 years. West Dapto has already delivered over 2,000 dwellings since being rezoned in 2010.

There are a number of land supply development issues. Some of these relate to many of the lots within the release area not being owned by developers or others land banking. Other reasons relate to development applications being lodged with inadequate information or not proceeding generally. Additional considerations relate to timing for the connection of services and associated infrastructure.

Council officers monitor the pipeline of housing supply including rezonings, Neighbourhood Plans, Development Applications and Subdivision Certificates. Currently, there are only 6 development applications for a total of 45 lots under assessment. There has been an average of 205 lots per year approved via development applications and an average of 157 lots per year released through subdivision certificates. The low number of current approvals and applications is contributing to low housing supply. Releasing Stream Hill to the housing market will enable a purchaser/developer to progress with the residential development of the site and assist in addressing housing supply by resolving one of the issues, being ownership of the relevant parcels by developers.

The successful purchaser would need to progress a draft Neighbourhood Plan, Development Application and Subdivision Certificate to enable development on the site.

Probity advisor

It is proposed that an external Probity Advisor be engaged as included in the recommendations of this report.

The Probity Advisor will have the role of reviewing the matter and process prior to various decision points to ensure appropriate governance is in place for decision making. This will include but may not be limited to the tender process for the appointment of the agent, reviewing the recommended sales strategy, reviewing the records of any negotiations as well as the process undertaken to reach a position prior to sale.

Allocation of sales proceeds

It is proposed that the proceeds of the sale be allocated to the delivery of social, recreational and cultural amenities in the West Dapto release area. There are a number of future projects that have been identified to deliver on social, recreational and cultural objectives to meet current and future demand. These funds are proposed to assist with the delivery of these projects. All efforts will be made to ensure that these funds can be contributed towards these projects promptly noting current economic conditions.

Heritage Protection Mechanisms/Disposal Options

There are several options available to Council to ensure the heritage items on Stream Hill are protected, restored and maintained by any future purchasers of the property, such as the existing local heritage listing under the Wollongong LEP 1990 or a public positive covenant under the *Conveyancing Act 1919* (NSW).

These options range in both the level of protection, timing and also the potential impact on the sale itself (ie impact on sale price).

Noting the existing local heritage listing provides no surety of Council's ability to enforce that a developer maintain and restore the heritage asset, it is recommended that Council also consider the registration of a public positive covenant prior to disposal to reinforce the obligations of any future landowner with respect to dealing with the heritage items on Stream Hill. This would seek to enforce Council's expectation that best practice heritage outcomes are considered in terms of any future development of the site.

Sale Strategy

Noting the potential sale price from the disposal of Stream Hill, Council's Property Services team has mapped out the proposed sale process via the draft project plan included at Attachment 1. This process aligns with Council's Formal Quotation and Tendering Procedure.

A summary of the proposed acquisition steps is provided in the below table:

	Task Description
1	Report to Council
2	Procure services of external probity advisor
2	Prepare and finalise EOI process for appointment of agent
3	Report to Council on outcome of EOI for appointment of agent
4	Prepare and finalise sales campaign including EOI process
5	Finalise outcome
6	Confidential briefing prior to exchange to inform Councillors of proposed transaction details
7	Progress with transaction

Whilst Council officers will be managing the sale process, guidance will be taken from the appointed agent to ensure Council is in the best position to respond to the market. Ultimately, the approval by the General Manager will ensure the highest monetary value to Council, noting the preference for a quality and reputable developer who is willing to progress the development of Stream Hill, whilst also retaining an interest in the site on a medium to long term basis.

The following criteria is being considered in relation to the competitive process for sale, subject to input from the appointed agent:

1. Highest market value
2. Reputation of purchaser and nature of previous projects undertaken by the purchaser
3. Whether the purchaser seeks to introduce an invest and retain model
4. Plans to retain and incorporate the heritage buildings into the development (this would only assist with selection and would not technically bind the purchaser to deliver in line with these plans).

PROPOSAL

Council support the disposal of Stream Hill as outlined in this report subject to a positive public covenant.

The 1995 resolution with relation to the property at 231 Sheaffes Road, Dombarton (Lot 23 DP 790915) be rescinded.

It is also proposed that an independent probity advisor be appointed to ensure that all required probity requirements are considered and met throughout the process.

Net proceeds of sale be allocated to social, recreational and cultural facilities and amenities for West Dapto.

CONSULTATION AND COMMUNICATION

- Legal Services
- Urban Release
- Finance
- Environment Planning
- Land Use Planning, particularly Heritage.

PLANNING AND POLICY IMPACT

This report contributes to the delivery of Our Wollongong 2028 goal “We have a healthy community in a liveable city”.

It specifically delivers on core business activities as detailed in the Property Services Service Plan 2020-21.

In addition, this report concurs with Council’s Land and Easement Acquisition and Disposal Policy and specifically, the part of the policy that relates to the disposal of land capable of being sold on the open market.

RISK MANAGEMENT

Council has considered a wide range of risks associated with the recommendations in this report. These range from reputational damage to liability and risk associated with the heritage items on the site.

The risks stated above can be minimised/avoided through the implementation of additional measures to protect the heritage item, such as the imposition of a public positive covenant.

FINANCIAL IMPLICATIONS

As stated above, the disposal of Stream Hill is likely to create the following present and forecasted income streams to Council:

The potential disposal of Stream Hill subject to a public positive covenant is likely to affect the overall sale price, however this impact is currently unknown. If the sale price is heavily impacted by the existence of the public positive covenant and Council wishes to revisit its position, the public positive covenant can be removed.

That net proceeds of sale be allocated to social, recreational and cultural facilities and amenities for West Dapto.

CONCLUSION

In light of the reasons outlined in this report, it is recommended that Council resolve to proceed with the disposal of Stream Hill subject to a public positive covenant registered prior to sale.