

ITEM 9

PROPOSED ACQUISITION OF 130 PIONEER ROAD, TOWRADGI UNDER THE VOLUNTARY PURCHASE SCHEME FOR FLOOD AFFECTED PROPERTIES

As part of the adopted Voluntary Purchase Scheme (Scheme) for the Towradgi Creek Catchment area and as one of Council's flood mitigation strategies for this area, 130 Pioneer Road, Towradgi has been identified as being in a high-risk precinct in the Towradgi Creek Floodplain Risk Management Study and Plan. Under the adopted Scheme this property is eligible for acquisition.

This report seeks Council's authority to proceed with the acquisition of 130 Pioneer Road, Towradgi subject to funding from the NSW Department of Planning Industry and Environment.

### RECOMMENDATION

- 1 Council authorise the acquisition of Lot 82 DP 8085, 130 Pioneer Road, Towradgi subject to the following conditions:
  - a the purchase price of \$800,000 (GST free)
  - b each party be responsible for their own legal costs
  - c funding being provided by the NSW Department of Planning Industry and Environment for two-thirds of the purchase price and demolition cost.
- 2 Upon the acquisition being finalised, Lot 82 DP 8085, 130 Pioneer Road, Towradgi be classified as Community Land in accordance with the Local Government Act, 1993.
- 3 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 (Acting)

Authorised by: Kerry Hunt, Director Community Services - Creative and Innovative City

### ATTACHMENTS

- 1 Business Paper Plan Acquisition of 130 Pioneer Road Towradgi

### BACKGROUND

Council's Floodplain Risk Management Program identifies risk from flooding in various catchments. Council has been proactive in developing floodplain risk management plans which identify a number of flood risk mitigation options including houses that qualify for voluntary purchase under the NSW Flood Program to support these purchases.

Since the plans were adopted Council has proactively approached owners offering to voluntarily purchase their properties which has resulted in 22 properties being purchased and demolished and Council receiving funding from NSW Flood Program to support these purchases.

All properties identified in the Scheme have been identified as they either have very high risk (including risk to life) and/or need to be purchased to implement flood mitigation works that would benefit the wider catchment.

The 2003 Towradgi Creek Floodplain Risk Management Plan adopted by Council identified nine properties at high risk from flooding and therefore eligible for purchase under the Scheme. The Scheme is partly funded by the NSW Department of Planning Industry and Environment [DPIE] under criteria set by the State Government. To date four properties have been purchased within the Towradgi Creek Floodplain Risk Management Plan, and five remain to be purchased amongst which is 130 Pioneer Road, Towradgi, listed as high priority. Council's Floodplain and Stormwater Unit has requested that Council purchase 130 Pioneer Road, Towradgi as the adopted flood study in 2019, confirmed the high risk at this property.

Council previously made enquiries with the owner regarding voluntarily selling this property to Council under the Scheme in 2018. In late 2018, Council received interest from the executors of the estate of the late owner, initiating a request to Council to purchase the property. At the time the funding being provided in the 2018-19 financial year by the then Office of Environment & Heritage (now NSW DPIE) for the acquisition of flood affected properties under the Scheme had already been expended or committed. In October 2019, subsequent confirmation was received from NSW DPIE indicating the availability of further funding.

In late 2019, Council made another approach to the owner and they expressed interest in the sale of this property to Council. Council then obtained a market valuation report from Registered Valuers, Herron Todd White. The purchase price offered and agreed to by the owners in the amount of \$800,000 (GST free) reflects the valuation range determined in the market valuation report of the property and was undertaken pursuant to the NSW DPIE guidelines. The guidelines provide the basis for determining the maximum value that is eligible for subsidy. The valuation should assume no Voluntary Purchase Scheme is in place, consider the requirements for minimum floor levels due to flooding, but disregard any flood-related development constraints that may apply on the land due to its flood hazard. The valuation should also consider the current market rate for the property.

Lot 82 DP 8085, 130 Pioneer Road, Towradgi, comprises an area of 885.2m<sup>2</sup> and consists of a single storey cottage. The land is zoned R2 Low Density Residential pursuant to Wollongong LEP 2009.

## PROPOSAL

It is proposed that Council proceed with the acquisition of Lot 82 DP 8085, 130 Pioneer Road, Towradgi, in accordance with the conditions outlined in this report. The acquisition will be subject to the agreement between Council and the State Government for funding the acquisition of the property. The NSW DPIE is contributing 67% (two-thirds) of the sale price and demolition costs and the acquisition of this property will be subject to funds being made available to Council from the State Government Funds.

Upon the acquisition being finalised, it is proposed that all improvements be demolished, and the site become open space.

## CONSULTATION AND COMMUNICATION

- Owner of Lot 82 DP 8085, 130 Pioneer Road, Towradgi
- Floodplain Management and Stormwater Section
- Herron Todd White, Registered Property Valuers
- NSW Department of Planning Industry and Environment
- Infrastructure Strategy and Planning
- Parks and Open Space
- Financial Services.

## PLANNING AND POLICY IMPACT

This acquisition is in accordance with Council's Policy "Land and Easement Acquisition and Disposal" and Wollongong 2028 Community Goal and Objective.

This report contributes to the Wollongong 2028 objective "The potential impacts of natural disasters, such as those related to bushfires, flood and landslips are managed and risks reduced to protect life, property and the environment" under the Community Goal "We value and protect the environment".

It specifically delivers on core business activities as detailed in the Property Services Service Plan 2019-20.

### *Ecological Sustainability*

Whilst most engineered flood mitigation options would have relevantly high maintenance costs and would need to be upgraded or rebuilt at the end of their useful life, it is not the case under Voluntary Purchase. The houses voluntarily acquired by Council are demolished and the sites are generally rehabilitated to open grass with an associated mowing schedule.

The total long-term cost of voluntary purchase is found to be generally lower than engineered flood mitigation works.

## RISK ASSESSMENT

Whilst engineered measures do achieve mitigation of flood risks, they often also introduce risk associated with the assets constructed such as dam break, levee failure, culvert blockage. The only risk introduced by a voluntary purchase would be possible impacts on nearby properties due to change in flood behavior on the site due to the removal of the dwelling. These changes are generally minimal and localised and can be mitigated by features such as deflection wall, fences etc.

## FINANCIAL IMPLICATIONS

Property	Total Cost (purchase + demolition estimated cost)	Funding from NSW DPIE contribution	Funding from Council contribution
130 Pioneer Road, Towradgi	\$800,000 + \$60,000	\$536,000 + \$40,200	\$264,000 + \$19,800
<b>TOTAL</b>	\$860,000	\$576,200	\$283,800

Under the Scheme, 67% (two-thirds) of the acquisition and demolition costs incurred will be funded by the NSW DPIE. The total acquisition cost will equate to \$860,000 (GST exclusive) estimate, being \$800,000 (GST free) for the purchase price and \$60,000 (GST exclusive) estimated demolition cost, subject to development approval and tender/quotation received.

Council's contribution to the acquisition and demolition will be 33% (one-third) of the total acquisition and demolition value which would equate to \$264,000 (GST free) for the purchase price and \$19,800 (GST exclusive) estimated demolition cost. Funding for this acquisition is available in the Capital Works Program for 2019-20 for the Voluntary Purchase Scheme.

Council's Infrastructure Strategy and Planning Division will identify the demolition of this property as a project in the Infrastructure Delivery Plan for 2020-21 and budget will be made available for this project in the 2020-21 Capital Works Program and the overall Capital budget will need to be adjusted at the time when the actual demolition costs will be known.

Following acquisition, demolition and restoration of the site to open space land, there will be additional on-going maintenance costs estimated to be in the order of \$442.00 per annum.

Each party will also be responsible for their own legal costs in this matter.

## CONCLUSION

The acquisition of 130 Pioneer Road, Towradgi is consistent with the recommendations in the Floodplain Risk Management Plan and will assist with mitigating the flood risk in the Towradgi Creek Catchment area.

