

ITEM 8

PROPOSED ACQUISITION OF LOT 7 DP 36010, 123 PRINCES HIGHWAY, DAPTO FOR ROAD PURPOSES - FOWLERS ROAD TO FAIRWATER DRIVE EXTENSION PROJECT

Council at its meeting on 23 July 2018, resolved to award the tender for the construction of Stage 2 and 3 of the Fowlers Road to Fairwater Drive extension project. As part of this project, a number of property acquisitions along the Princes Highway in Dapto are required. The acquisitions will allow for widening of the Princes Highway at the new intersection of Fowlers Road and the Princes Highway.

This report seeks Council approval to acquire Lot 7 DP 36010 being 123 Princes Highway, Dapto for road purposes.

RECOMMENDATION

- 1 Council acquire Lot 7 DP 36010 for road purposes on the following conditions:
 - a Compensation be paid in the amount of \$825,000 (excluding GST).
 - b The property be provided with vacant possession and in good condition.
 - c Council be responsible for all costs including valuation, transfer and legal costs incurred by the landowners as a result of the acquisition.
- 2 Upon the acquisition, proposed Lot 1 DP 1247567 being the part of the subject property being required for road widening be dedicated as Public Road pursuant to S. 10 of the Roads Act 1993 and the residue portion, being Lot 2 DP 1247567 be classified Operational Land pursuant to the Local Government Act 1993.
- 3 The Lord Mayor and General Manager be granted authority to affix the Common Seal of Council to the transfer documents and any other documentation required to give effect to this resolution.

REPORT AUTHORISATIONS

Report of: Peter Coyte, Manager Property and Recreation
Authorised by: Kerry Hunt, Director Community Services - Creative and Innovative City

ATTACHMENTS

- 1 Proposed Lot 1 to be dedicated as road upon acquisition - Part Lot 7 DP 36010
- 2 Map showing area to be acquired

BACKGROUND

Council has been heavily involved in the design and construction of the Fowlers Road to Fairwater Drive extension project for many years. In 2014 Council was successful in receiving grant funding of \$22.5M from the Re-Start NSW Illawarra Infrastructure Fund to assist in the delivery of the project. As part of this major project, a number of property acquisitions are required to allow for the ideal intersection design at the point where the extended road will intersect with the Princes Highway in Dapto. The acquisition of this property is critical to the intersection design plan. Any delays in the acquisition will result in Council incurring costs of approximately \$12,000 per day due to contractors being unable to access the land while contractually Council would still be required to pay them.

Council has been in negotiations with the landowners of the subject property for many months, seeking to acquire a portion of the land ie 186.8m² to allow for the construction of the intersection. An in-principle offer to acquire the portion of the land required for the road was made to the landowners as per Council's valuation report. At that time, the landowners rejected the in-principle offer advising that the remaining area of the property would not suit their future needs as an investment property and development opportunity. Instead the landowners made a counter offer, requesting Council to acquire the property in its entirety. The landowners advised that they would provide the property with vacant possession as the existing residence was currently leased on a holding over basis.

Due to not having a signed Permit to Enter to access the subject land and at the risk of protracted negotiations impacting on the construction program resulting in Council incurring costs in the order of \$12,000 per day for any delay in construction, Council sought advice from its engaged valuer Walsh & Monaghan on the compensation sought by the landowners for the whole of the property. After further negotiations, agreement was reached for an amount of \$825,000 plus GST and Walsh & Monaghan confirmed this amount to be within an acceptable variation of the assessed market value.

In addition to the monetary compensation, Council, as the acquiring authority, is responsible for all reasonable costs incurred by the landowner as a result of the acquisition, pursuant to the Land Acquisition (Just Terms) Compensation Act 1991. This includes legal, valuation, survey, plan lodgement and any other reasonable costs incurred.

Although the existing residence is not directly affected by the road works, it will be located close to the new road. For this reason, its age and also that the highest and best use of the residue land is as a development site (as advised by Walsh & Monaghan), it is proposed that the residence be demolished while the contractors are on site with the residue area retained by Council for possible future sale. The residue area measures approximately 684m² and is zoned R3 Medium Density.

PROPOSAL

Council acquire for road purposes Lot 7 DP 36010, 123 Princes Highway, Dapto for the sum of \$825,000 plus GST, and be responsible for all reasonable costs incurred by the landowners as a result of the acquisition. Following acquisition, the area shown as Lot 1 DP 1247567 be dedicated as public road and the surplus area, being Lot 2 DP 1247567, will remain in Council's ownership classified as Operational Land.

CONSULTATION AND COMMUNICATION

Extensive community consultation has taken place in conjunction with the major project of which this acquisition forms part.

The owner of the subject property is agreeable to the offer made within the in-principle negotiations and wishes to proceed.

PLANNING AND POLICY IMPACT

This report contributes to the delivery of Wollongong 2028 goal "We have affordable and accessible transport".

It specifically delivers on the strategies:

- 6.1.4 Integrated communities close to public transport and local services and facilities. Focused around existing train stations, and town and village centres are planned for and encouraged."
- 6.1.4.1 Facilitate the integration of public amenities and transport with local communities.

The report also contributes to the goal within Annual Plan for 2018/2019 "complete the construction of Fowlers Road extension to Fairwater Drive".

FINANCIAL IMPLICATIONS

The funding for all costs associated with the acquisition, including costs of demolition of the dwelling, will be via the 2018-2019 Capital Budget (B281319).

Options:

- 1 Council proceed with acquisition of Lot 7 as recommended.
- 2 Council proceed with acquisition of Lot 7 and resolve to classify the surplus area as Community Land with a view of retaining ownership of the surplus lot. However, there is no strategic value in retaining this area due to its location and size and this option is not recommended.

- 3 Council resolve to only acquire the area of Lot 7 affected by the road widening. This option is not recommended as agreement has not been reached with the property owners for this option and any delay in finalising this acquisition may result in disruption to the works program and Council incurring financial costs in the order of \$12,000 a day payable to the contractor undertaking the road works.

CONCLUSION

As the acquisition of the subject land forms a fundamental part of the Fowlers Road to Fairwater Drive project, it is recommended Council resolve as recommended. The subject property is within a critical position for the new Fowlers Road to Fairwater Drive intersection with the Princes Highway and as such any delay to the construction programme for this area will incur delay costs of \$12,000 per day.

