

**17.2 LOT 4 MINGARI STREET, MUNNO PARA**

Contact Person: Simon Blom

**Why is this matter confidential?**

Subject to an order pursuant to Section 90 (3) (d) of the Local Government Act 1999, this matter is confidential because it provides information that would prejudice the commercial position of Council.

**A. COUNCIL TO MOVE MOTION TO GO INTO CONFIDENCE**

No action – this motion passed in the open section.

**B. THE BUSINESS MATTER****17.2 LOT 4 MINGARI STREET, MUNNO PARA**

**Responsible Executive Manager :** Simon Blom

**Report Author :** Paul Alberton

**Delegated Authority :** Matters which cannot be delegated to a Committee or Staff.

**Attachments :**

- 1. Attachment 1: Proposed Plan of Division
- 2. Attachment 2: Site Plan
- 3. Attachment 3: Aerial Perspective - Proposed Development for Lot 1 & 2
- 4. Attachment 4: Leyton Property - Initial Rate Rebate Application
- 5. Attachment 5: Rate Rebate Options and Analysis

**PURPOSE**

To seek Council approval of the Leyton Property offer for the sale of Lot 4 Mingari Street, Munno Para and the Rate Rebate application for Lots 1&4 Mingari Street, Munno Para.

**STAFF RECOMMENDATION**

That Council resolves:

- a) The sale of Lot 4 Mingari Street as per the proposed plan of division (Attachment 1) which is a portion of the existing Lot 479 Mingari Street Munno Para (CT 6156/288) for the agreed price of \$1.4Million (ex gst)
- b) The site area for the proposed Lot 4 (Attachment 1) will be subject to the Final Plan of Division
- c) That Council agree, in principle to provide a rate rebate to Leyton Property on the acquisition of Lots 1 & 4 Mingari Street Munno Para. The in principle rebate is subject to a consideration at a future date of relevant factors including legislative requirements, eligibility requirements, the land to which the rebate will apply and appropriate conditions to the grant of rebate. Commercial rate relief is to commence from completed construction and will be applied at 25% for a five year period.

- d) Pursuant to the Local Government Act 1999, the Chief Executive Officer be granted the delegation to finalise the drafting and execution of the land sale contract for the sale of Lot 4 Mingari Street (Attachment 1)

## EXECUTIVE SUMMARY

The Council owned property located at Lot 479 Mingari Street, Munno Para was resolved by Council as a surplus asset and to be sold. As a consequence, the subject property has been included in the current Repurposing Assets function.

In accordance with Council's Sale and Disposal of Land and Other Assets Policy, an Expression of Interest was undertaken to market the subject site as four serviced Torrens Title lots of varying site area or as a whole site (as previously marketed). An acceptable offer was received from Leyton Property for Lot 4 which is a portion of Lot 479 Mingari Street Munno Para.

Also, in accordance with the Local Government Act 1999 and Council Policy, Leyton Property submitted a rate rebate application for both Lots 1&4 Mingari Street, Munno Para.

This report seeks Council approval of both the Leyton Property rate rebate application and the offer for the sale of Lot 4 Mingari Street Munno Para as per the proposed land division plan (Attachment 1) and to proceed with Stage 2 land division process.

## 1. BACKGROUND

At the Ordinary Council Meeting on 27 October 2020, Council approved the sale of a smaller size Lot 1 to Leyton Property for the purchase price of \$4.29 Million (ex gst). The site area of Lot 1 was 11,000sqm as per the original plan of division for a four (4) lot sub-division. The original development proposal by Leyton Property for the subject site was for a petrol outlet, bulky good retail and associated parking.

Since the Council meeting, Leyton Property have further negotiated additional commercial outlets to be added to the original development proposal. This consequently resulted in the requirement for additional site area to the original Lot 1 site area of 11,000sqm. Due to the increase in building area and site layout design requirements, Leyton Property submitted a revised offer to Council based on a revised land division plan (Attachment 1). The latter is the subject of this report and is discussed in further detail with-in the report.

The historical background preceding and leading up to this property transaction for Lot 1 is outlined in the previous report. The report provides a brief timeline description of the key Council decision, community land revocation process, DPA rezoning process and the unsuccessful Emmett and Kaufland land sale contracts.

## 2. RELEVANCE TO STRATEGIC PLAN

Outcome 2.1 Smart development and urban renewal

This decision will assist Council's debt reduction strategy and provide an opportunity for further capital investment, commercial development and employment opportunities in the City of Playford.

### 3. PUBLIC CONSULTATION

There is no requirement to consult the community on this matter.

### 4. DISCUSSION

For the subject site, the key issues that need to be considered regarding the sale of the revised Lot 1 to Leyton Property, which is a portion of the whole site located at Lot 479 Mingari Street Munno Para are:

- Property Description and Valuation
- Development Plan (PDI Act)
- Past Property Transaction Timelines
- Current Development Status
- Lot 4 Offer – Leyton Property
- Rate Rebate Application for Lots 1 & 4 Mingari Street
- Land Division Costs & Options
- Projected Land Division Revenue
- Land Sale Contract & CEO Delegation

4.1 The whole site is an island site with a total frontage to both Main North Road (eastern boundary) and Curtis Road (southern boundary) of approximately 160 metres each. Secondary frontages to both Mingari Street and Myall Avenue of approximately 160 metres each. In accordance with DPTI traffic records, the current daily traffic volume is approximately 42,000 vehicles on Main North Road.

The site is generally level with service connections and no easements on the property. The site was formerly utilised as the Munno Para Bowling and Community Club which is currently a vacant site since the demolition of the clubrooms and bowling facilities and the relocation of the Bowling club to new start-of-the art facility at Goodman Road Elizabeth.

The whole site area is 27,387 sqm. The legal property description of the whole site is summarised as follows:

Site address	: Lot 479 Mingari Street, Munno Para
Certificate of Title	: Volume 6156 Folio 288
Plan Reference	: Deposited Plan 10441
Hundred	: Munno Para
Development Plan Zoning	: Employment (PDI Act)

A property valuation by McGees Property was undertaken on 15 February 2019 and is summarised as follows:

Valuation approach	: Direct comparison
Rate (\$/sqm)	: \$262/sqm
Market Value	: \$7,190,000 (ex GST)

The subject site, known as Lot 4 is a portion of the whole site as per the proposed land division plan (Attachment 1). The site area of the proposed Lot 4 as per the Leyton Property offer is 4,013sqm. The subject site is a corner site with an 80 m frontage to Curtis Road and 50m frontage to Mingari Street. The proposed Lot 4 will be subject to Stage 2 of the land division process which will be discussed in a later section of the report.

Pursuant to the current PDI Act 2019, the whole site is zoned Employment (E ) with a Retail Activity Centre subzone overlay. For the subject site for the Employment zoning, the desired outcomes are:

- Diverse range of low impact light industrial, commercial and business activities that complement the rate of other activities that complement the role of the other zones accommodating significant industrial, shopping or business activities
- Range of allowable land uses include a retail fuel outlet, large format retail, bulky goods retail, service trade premises, office, shop, warehouse, light industry, indoor recreation, consulting rooms etc.

The proposed commercial development (Attachment 2 & 3) for Lots 1, 2 and 4, aligns with the objectives of the current Employment zoning under the PDI Act.

Since the original Council Resolution on 23 April 2013 followed by the Council Resolution approving the Playford Sports Precinct Prudential Report on 26 August 2014, Council decided the whole site was a surplus asset and to be sold in accordance with Council's Sale and Asset Disposal Policy.

The key property transaction/tasks that followed the latter Council decision up to the current Leyton Property offer for the Lot 4 Mingari Street sale contract, are summarised as follows:

Date	Property Task/Transaction
October 2019	EOI to appoint real estate agency to sell the whole site at Lot 479 Mingari Street Munno Para  McGees Property appointed as the real estate agency
December 2019	EOI for sale of whole site <ul style="list-style-type: none"> <li>• 5 offers received (United Petroleum, Emmett, Leyton, Andrash, Zanyah)</li> <li>• Prices offered range from \$2 Million to \$6.8 Million with conditions</li> </ul>
January 2020	Amended EOI undertaken – review conditions and purchase price <ul style="list-style-type: none"> <li>• One EOI registrant withdrew</li> <li>• Preferred tenderer selected – United Petroleum: \$6M</li> </ul>
Feb - March 2020	Ongoing negotiations with United Petroleum – preferred tenderer
30 April 2020	United Petroleum withdrew offer due to COVID 19 impact and as a consequence, decision to refocus future capital investment on eastern states
July - August 2020	EOI for sale 4 lot sub-division site – 3 offers received initially followed by Council counteroffer and revised offers submitted: <ul style="list-style-type: none"> <li>• Leyton Property: Lot 1 - \$4.29 Million with precommitment and non-refundable deposit subject to achieving milestones</li> <li>• Emmett Property: Lot 1 - \$4.29 Million – conditional offer and refundable deposit</li> <li>• Hamra Developments: whole site - \$7.2 Million with conditions, offer later withdrawn</li> </ul>
Sept 2020	Letter of Offer for Lot 1 executed with Leyton Property for \$4.29M Commence drafting of Land sale contract for Lot 1 – subject to Council approval



27 October 2020	Council approval for the Lot 1 sale contract based on the initial Leyton Property Letter of Offer based on a Lot 1 with a smaller site area = 11,000sqm
October - November 2020	Leyton Property submitted a revised offer for a larger Lot 1 which includes the original Lot 1 (site area = 11,000sqm) and portions of Lots 2,3,4 (site area = 6,200 sqm, as per original plan of division) for the total purchase price = \$5.54 Million (ex gst)
15 December 2020	Council approval for the Lot 1 sale contract based on the revised Leyton Property offer for a larger Lot 1 (total site area = 17,200 sqm) and proceed with Stage 1 land division process
22 April 2021	Land sale contract for larger Lot 1 (includes Lot 2 as per proposed land division – Attachment 1) was executed
18 June 2021	Leyton Property request to amend Stage 1 land division for the larger Lot 1 and create two Torrens Title allotments. Lot 1 – Bulky good outlets and food outlets (Attachment 3) Lot 2 – separate title for X Convenience petrol outlet  Additional land division costs for Lot 2 to be borne by Leyton Property
June 2021	The plan of division was amended to incorporate Lot 2 for the X Convenience petrol outlet with-in the previous large Lot 1 as per the executed land sale contract
25 June 2021	Leyton Property submitted a rate rebate application for Lot 1 Mingari Street
27 August 2021	Issue of Form 1 documents for larger Lot 1 to Leyton Properties
30 August 2021	Leyton Property confirmed satisfaction of Due Diligence period for the larger Lot 1 and 50% of deposit (\$50,000) becomes non-refundable.
31 August 2021	Leyton Property submitted an offer for Lot 4 Mingari Street which commenced negotiations
24 Sept 2021	Leyton Property submitted a revised rate rebate application including both Lot 1 & 4, but Lot 2 for the proposed petrol outlet is not included.
2 November 2021	Leyton property accept Council's counteroffer for the sale of Lot 4 Mingari Street for \$1.4M (ex gst)
14 December 2021	Council approval for the sale of Lot 4 Mingari Street and the rate rebate application for Lots 1&4 – <b>purpose of this report</b>

The current status of all four (4) proposed allotments for the development of the overall site at Lot 479 Mingari Street Munno Para is summarised in the following table;

Lot No	Site Area	Description	Rate Rebate Application	Status
1	1.298 ha	proposed bulky good retail outlets (inc BCF), food (Zamero) and automotive outlets	Yes	<ul style="list-style-type: none"> <li>Under contract</li> <li>Land sale contract executed 22 Apr-21</li> <li>Due diligence satisfied</li> <li>Separate DA's lodged for proposed development and Stage 1 land division with SCAP</li> </ul>
2	4892 m2	X Convenience petrol & retail outlet and car wash facility	No	<ul style="list-style-type: none"> <li>Same as Lot 1</li> </ul>

3	6000 m2	Vacant site includes right of way (marked A/D in Attachment 1) for access road	?	<ul style="list-style-type: none"> <li>• For sale</li> <li>• Site area = 6000 m2</li> <li>• Marketing rate = \$190/m2</li> <li>• New EOI campaign to commence in new year</li> </ul>
4	4013 m2	Two retail and service tenancies are proposed	Yes	<ul style="list-style-type: none"> <li>• Under offer (<b>subject to Council approval</b>)</li> <li>• Original offer submitted 27 Aug-21</li> <li>• Council counter offer accepted by Leyton; <ul style="list-style-type: none"> <li>○ \$1.4M (ex gst)</li> <li>○ \$25k deposit non-refundable upon DD satisfaction</li> </ul> </li> <li>• Rate rebate application <b>subject to Council approval</b></li> </ul>

As per the previous approved offer for the larger Lot 1 (Attachment 1), Leyton Property are proposing to develop the site to accommodate a range of services such as a petrol outlet, fast food outlets, bulky good retail etc as per the site concept plan (Attachment 2). The site concept plan was prepared by the architectural firm, Brown Falconer.

The key features of the proposed commercial development on the site are highlighted by the aerial perspective (Attachment 3) and are summarised as follows:

- a) Petrol station outlet with a 250sqm shop outlet and carwash facility
- b) Two fast food buildings, area = 260 sqm each
- c) Bulky Goods retail outlets, total building area = 3000sqm
- d) Bulky Good tenants proposed for the site are BCF and two vacancies which are currently under a leasing campaign by McGees,
- e) Automotive retail outlet, building area = 300 sqm
- f) Two retail/service provider tenancies for Lot 4 , new businesses to Playford
- g) Slip lane entrances from Main North Road and Curtis Roads
- h) Provision of approximately 240 car parking spaces over the combined Lot 1, 2 and 4
- i) Service vehicle loading for the Bulky Goods retail stores will be via a rear service road
- j) Right of way access, subject to negotiation, to be provided to Lots 2, 3, and 4, via the rear service road

The proposed site plan (Attachment 2) with proposed slip lane entrance and exit for the commercial development will be subject to planning consent and statutory approvals and further detailed design.

Based on the proposed land division plan (Attachment 1), Leyton Property submitted an initial offer for Lot 4 (total site area = 4,013 sqm) which was considered in conjunction with the submitted rate rebate application for both Lots 1 & 4.

The negotiations for the sale of Lot 4 Mingari Street commenced with the initial offer of \$1.285 Million (ex gst) which was rejected by Council. This was considered with the benefits and cost implications of the various rate rebate options. Following a review of the rate rebate options by the Finance Team, Council counteroffered a commercially acceptable offer of \$1.4 Million (ex gst) which was accepted by Leyton Property

Upon completion of negotiations, a land sale contract for Lot 4 Mingari Street will be executed subject to Council approval, the purpose of this report.

Key parameters of the original executed Letter of Offer which are still relevant and applicable to the current revised Leyton Property offer for Lot 4 Mingari Street are:

- a) The purchase price = \$1.4 Million (exclusive GST)
- b) Retention of Deposit (non-refundable) upon satisfaction of Due Diligence (50% - \$25,000) and then upon satisfaction of land division/planning consent (balance 100% - \$50,000).
- c) Special Condition #1 – The purchaser will be granted a period of sixty (60) days to undertake exclusive Due Diligence in relation to the land and secure tenants from the date of contract execution
- d) Special Condition #2: The purchaser will be granted a period of six (6) months commencing upon the satisfaction of Special Condition #1 (Due diligence) to achieve planning approval for the proposed development on Lot 4 Mingari Street.
- e) Settlement to occur 30 days from the satisfaction of both Special Condition #1 and #2
- f) Provision of right of way access over the rear lot boundaries to Lots 2, 3, and 4 on to Lot 1 and vice-versa
- g) Two stage land division process

The Leyton Property offer to purchase Lot 4 Mingari Street is recommended due to the following key points:

- a) The purchase price of \$1.4 Million is commercially acceptable compared to recent sales of similar properties and is above market valuation
- b) Leyton Property provided a confirmation letter from each of the commercial tenants for a petrol outlet and a bulky goods retail firm as part of their original offer which is still relevant with the current revised offer
- c) The total purchase price rate of \$349/sqm exceeds the market valuation rate of \$262/sqm. Rate variance = 33%
- d) The proposed commercial investment aligns with PDI Act/development plan zoning
- e) Aligns with Council's objectives to attract commercial capital investment, new services and associated employment opportunities
- f) Aligns with Council's objective to reduce the debt with the proceeds from the land sale and additional commercial rate revenue
- g) Following completion of the Due Diligence period, Council will be entitled to non-refundable portions of the deposit, thus mitigating Council's financial risk exposure to the Stage 2 land division costs
- h) The risk of contract failure for Council is only in the Due Diligence period but Council's land division costs are minimal during this period
- i) A two-stage land division process has been agreed
- j) Leyton Property are also supportive of master planning the whole site if required.

The offer submitted by Leyton Property for Lot 4 Mingari Street was considered in conjunction with the rate rebate application for both Lots 1 & 4 (Attachment 4). During the negotiations, several discussions and meetings occurred with Leyton Property to discuss both the commercial and social challenges and the various options. The rate rebate application review process that followed, is summarised as follows:

- a) Review rate rebate in conjunction with Lot 4 land sale negotiations
- b) Leyton rate rebate application lodged (Attachment 4)
- c) Initial assessment by Council's Finance Team as per Council's rate Rebate Policy
- d) Meeting with Leyton property – discuss Lot 4 price and rate rebate application & options
- e) Leyton property submitted a revised rate rebate application

- f) Initial analysis of Leyton rate rebate vs Council counteroffer rate rebate options
- g) Finance Team review of rate rebate options
- h) Council counteroffer submitted to Leyton – accepted (subject to Council approval – purpose of this report)

In accordance with Council's Rate Rebate Policy, Council has the power under Section 166 of the Local Government Act (LGA) 1999 to grant discretionary rebates in a range of listed cases. Where applicants satisfy the requirements for a discretionary rebate as outlined in the Policy, the Local Government Act 1999 and the rebate application form, a maximum of 50% rebate may be granted by the CEO or delegated officer. This rebate application is limited to yearly application/approval process. As a consequence, the Finance/Rates Team undertook an initial rate rebate under Section 166 of the LGA 1999 to grant discretionary rebates.

Pursuant to the Rate Rebate Policy and the rate rebate assessment, under delegation and without Council approval, due to the assessment, Leyton Property would be allocated a 40% rate rebate for one (1) year. A 40% rebate on Lot 1 & 4 would be \$80,873.

During the negotiations with Leyton Property, a one (1) year rate rebate may not be enough as an incentive to attract long term commercial tenants. Preference is for a multi-year rebate option.

In reference to the Leyton Property rate rebate application (Attachment 4), it's highlighted that during their negotiations with several national retailers that are or were considering the property for the long term, that the outgoings were comparatively higher due to the high commercial rate and fixed charges. From the extract within the Leyton Property rate rebate application (Attachment 4), in comparison with other northern region councils for a similar development with a capital value of \$15 Million and gross lettable floor area = 3560 m2, the rate charge variance is summarised as follows:

<b>LGA</b>	<b>Rate in the Dollar*</b>	<b>Fixed Charge / year</b>	<b>Council rates payable / year</b>	<b>Rate (\$/m2)</b>
Playford	0.01342094	\$1018	\$203,660	\$57
Gawler	0.0110575	n/a	\$167,265	\$47
Salisbury	0.006261	n/a	\$95,290	\$27
Tea Tree Gully	0.00598061	n/a	\$91,164	\$26
Port Adelaide Enfield	0.005988	n/a	\$91,157	\$26

\*Rate in the dollar for 2020/21 financial year. These rates are not reflective of current year rates.

The above comparison table provided by Leyton Property illustrates the large difference between commercial rates in Playford compared to adjoining northern councils which further reinforces the uncompetitive advantage and the risk of inhibiting the success of the project.

As a consequence, Leyton Property submitted a revised rate rebate application seeking approval for either a 60% rebate over 3 years or 40% rebate over 5 years options which were both rejected by Council. Council considered alternative rate rebate options over various periods and in conjunction with the sale price for Lot 4 Mingari Street.

A review of the rate rebate options based on the current rate modelling for the total site at Lot 479 Mingari Street as follows:

- Gross sale of the four (4) lots = \$7.2 M
- Rate rebate not applicable to Lot 2 for the proposed X-Convenience petrol outlet
- Total annual rates payable for Lots 1 & 4 = \$203,425/year (assumed Capital Value of \$14.4M upon construction completion)
- Summary of rate rebate options for Lots 1 & 4:

Option	Rate Rebate Term (year)	% Rebate	Total Rebate/year	Total net rates payable/year	Reduction in Lot 4 sale	Total Council cost	Lot 1 already sold @ \$5.54M
A	3	46	\$92,764	\$110,661	0	\$278,292	Lot 4 sale price = \$1.4M
B	5	28	\$55,658	\$147,767	0	\$278,290	Lot 4 sale price = \$1.4M
C	1	40	\$80,873	\$122,552	\$200,0000	\$280,873	Lot 4 sale price = \$1.2M
Recommendation	5	25	\$50,856	\$152,569	0	\$254,280	Lot 4 sale price = \$1.4M

**NOTE:** Recommendation is a minor variant of Option B with a reduced % rebate

The rate rebate options and analysis are summarised in Attachment 5. The recommendation aligns with the Finance Team review since it balances the needs of Council and the developer. The developer's primary concern is the ability to pass on the rate rebate to the tenant and the inability to attract tenants due to the comparatively high cost of commercial rates in Playford. The total net rates payable for the total developed site are forecast to exceed the original rate modelling (\$163k/year) because the rate revenue of Lots 2 & 3 are still to be included.

In summary, the key benefits of approving the discretionary rate rebate for Lots 1 & 4 are as follows:

- a) Rate rebate will be passed onto tenants compared to Option C whereby the \$200k discount will benefit the developer only
- b) Potential loss of Lot 4 land sale contract
- c) Reduced risk of empty tenancies
- d) First 5 years is the critical period for businesses to establish in new markets/locations, hence the rate rebate will assist in the business startup. This aligns with Council's strategic objectives to attract new business to Playford
- e) Attract new business, new retail & services
- f) Jobs creation
- g) Same developer for Lots 1,2&4 – improved masterplanning of site
- h) Current rate modelling for entire developed site, rate revenue = \$163k/year. Thus giving the proposed rate rebate to Lots 1 & 4 will not compromise rate modelling because Council will still receive extra rate revenue from the future developed Lots 2&3
- i) With the rate rebate, Council will receive 75% of new rates.

Since the original Council Resolution in 2013, Council has attempted via EOI and conditional contracts to sell the subject site as a whole without success. This was predominantly due to the limited number of developers/purchasers with the capacity to develop large commercial sites.

Further to market feedback and analysis, in the northern region it was found that there is more demand for smaller commercial lots in the current market rather than large



superlots. As a consequence, various sub-division options were assessed including the construction of new internal roads.

Due to the island site with adjoining services, the preferred sub-division option was for the creation of four (4) serviced allotments with existing road frontages as per the revised land division plan (Attachment 1). The preferred sub-division option has a lower capital cost compared to the other options considered because there's no requirement for the construction of new roads, footpaths, street lighting or service augmentation costs. The proposed four allotments as per the revised land division plan (Attachment 1), the lots vary in site area from 3000 sqm up to 17,200 sqm for Lot 1 which has approximately 160m frontage to Main North Road.

With the initial sale of Lot 1 to Leyton Property, Council will be required to undertake the land division process. To mitigate the risk of contract failure and cost exposure to Council in the land division process, a two (2) stage process land division will be undertaken as follows:

**Stage 1:** create two Torrens Title lots, Lot 1 and Lot 2. The latter, to accommodate an X Convenience fuel outlet and carwash facility. The estimated time program for Stage 1 from contract execution to property settlement is 12 months.

**Stage 2:** sub-divide the remaining land into two torrens title allotments (Lot 3 & 4) as required by the market and due to the subsequent offer submitted by Leyton Property for Lot 4 Mingari Street.

**Right of Way (ROW):** In reference to the proposed plan of division (Attachment 1), right of ways identified as A, B, C, D, E have been allowed for access across the four lots, improved traffic movements with-in the overall site and provide a master planned site.

The development costs for the two (2) stage land division process for the proposed four (4) lot sub-division plan (Attachment 1) is summarised as follows:

Land Division Cost (all GST exclusive)	Stage 1 (Lot 1 & 2) Cost (\$)	Stage 2 (Lot 3, 4) Cost (\$)	Total Cost (\$)
RE agent commission (0.6%) and contract fee (\$3750 per contract)	\$36,990	\$27,010	\$64,000
Internet, Advert, sign cost	\$3,900	\$8,800	\$12,700
LD design and boundary survey	\$7,500	\$7,500	\$15,000
Service augmentation costs for additional new lots (sewer, water)	\$15,300	\$30,900	\$46,200
Open space contribution	\$7,600	\$15,200	\$22,800
Easement allowance – for potential sewer and s/w if required by design for Lot 1	\$30,000	\$70,000	\$100,000
Consultants – detail survey and site contamination (completed)	\$8,520(*)	0	\$8,520
Site preparation and tree, signage clearing cost (Stage 1 work completed)	\$4,590 (*)	\$10,000	\$14,590
Infrastructure contribution for footpaths within road reserve – developers contribution		\$50,000	\$50,000
Contingency (approx 10%)	\$10,000	\$10,000	\$20,000
<b>Total Land Division Cost</b>	<b>\$124,400</b>	<b>\$229,410</b>	<b>\$353,810</b>



**NOTE:**

1. The costs associated with electricity augmentation associated with the existing transformer and the design and construction of a new Main North Road slip lane (entry only) will be borne by the purchaser, Leyton Property.
2. The Stage 1 costs (\*) have been expended for consultant costs (detail survey and site contamination report) and tree/signage removal costs in FY 2019/20. Total = \$13,110
3. The balance of the unspent Stage 1 Land division costs = \$111,290
4. The Real Estate commission for the sale of Lot 1&2 (\$36,990) has increased compared to the initial offer due to the increased selling price = \$5.54M for the larger allotment area (17,372 sqm) in the revised Leyton Property offer.
5. Council as the developer of Lot 479 Mingari Street is required to fund the Infrastructure Agreement cost for the provision of additional footpaths. Cost estimate = \$50,000

For Stage 1 & 2 of the land division process, \$100,000 has been allowed for the potential requirement for a sewer and water supply easement connecting the western boundary of the proposed Lot 1 and the services located in Mingari Street. The latter will be resolved with SA Water during the land division design process.

The increase in the total land division costs for Stage 1 & 2 of approximately \$120,000 since the previous Council Report (15 Dec-20) was due to the unforeseen costs associated with the sewer extension along Mingari Street and Council's requirements for additional footpaths along Curtis Road and Mingari Street. In this case, whereby Council is acting as the land developer, the latter costs need to be funded by the land division project. This cost increase is covered by an increase in projected land division revenues as reported in the next section.

In reference to the proposed plan of division (Attachment 1) which was amended to accommodate the larger Lot 1 & 2, the prices for the reduced allotment site areas for Lots 3, 4 are summarised as follows:

Lot	Estimated Area (refer revised site plan)	Asking Rate	Suggested Asking Price( ex gst)
3	6,000 sqm	\$190/sqm	\$1,140,000
4	4,013 sqm	\$349/sqm	\$1,400,000
			<b>Total \$2,540,000</b>

Upon execution of contract Lot 4 (includes portion of Lot 2, 3, and 4, site area = 4,013sqm), a renewed sales campaign will be undertaken to sell the remaining Lot 3 Mingari Street.

For the renewed campaign, Lot 3 will be advertised at the asking price which has been set based on similar rates used for the earlier EOI campaign in July - August 2020. The asking prices will be reviewed with Mc Gees also.

There is an expectation that the asking price will be negotiated and will likely end up lower to achieve an expedient outcome and avoid the remaining Lot remaining on the market for a long period of time.

The forecast land division revenue based on the previous approved Leyton offer for the larger Lot 1 (purchase price = \$5.54 Million and it includes Lot 2 for the petrol outlet) and the selling prices for the reduced size Lots 2, 3, and 4 are as follows:

Lot	Estimated Area (refer revised site plan)	Selling Rate	Selling Price (ex gst)
1 & 2	17,372 sqm	\$320/sqm	\$5,540,000
3	6,000 sqm	\$190/sqm	\$1,140,000
4	4,013 sqm	\$349/sqm	\$1,400,000
<b>Total</b>	<b>27,385sqm</b>	<b>\$287/sqm</b>	<b>\$8,080,000</b>

The total forecast land division revenue of \$8.08M has increased by approximately \$200k from the previously reported \$7.882 M due to the increase selling rate for Lot 4.

Thus, the forecast total selling price and rate exceeds both the nett value forecast in the long-term financial plan (LTFP) and the market valuation rate respectively. But as with all land division development projects, there is a risk of not achieving the forecast selling rates for the reduced size Lots 3, and 4. This risk is mitigated by the allowance of a contingency or margin as follows:

- a) Total forecast Selling price above LTFP (\$6.87M) nett value: **margin = 18%**
- b) Total forecast Selling rate above Market Valuation rate (\$7.190M): **margin = 12%**

#### 4.9 Land Sale Contract & CEO Delegation

The original letter of offer and the subsequent negotiations associated with the Leyton Property offer for the purchase of Lot 4 provide the negotiated parameters which will form the basis of the land sale contract which is to be drafted for execution by both parties. The latter is subject to receiving Council approval to proceed with the revised offer for the sale of Lot 4 Mingari Street to Leyton Property.

The draft land sale contract and associated special conditions will be drafted by Council's legal advisers, Norman Waterhouse and will be based on the standard contract for the sale of land prepared by the SA Law Society. As negotiated in the original executed Letter of Offer and subsequent negotiations, the key parameters to be included in the draft land sale contract for the revised Leyton property offer are as follows:

1. Purchase Price = \$1.4 Million (excluding GST)
2. After completion of Due Diligence by Leyton Property, the Retention of Deposit (\$25,000) as agreed
3. Special Condition #1 – The purchaser will be granted a period of sixty (60) days to undertake exclusive Due Diligence in relation to the land and secure tenants from the date of contract execution
4. Special Condition #2: The purchaser will be granted a period of six (6) months commencing upon the satisfaction of Special Condition #1 (Due diligence) to achieve planning approval for the proposed development on Lot 4 Mingari Street.
5. Settlement to occur 30 days from the satisfaction of both Special Condition #1 and #2
6. Provision of right of way access over the rear lot boundaries to Lots 2, 3, and 4 on to Lot 1 and vice-versa
7. Two stage land division process

As done in previous land sales and associated contract execution by Council, to assist in the efficiency of the process Council has the option to delegate to the CEO or other senior officer (eg General Manager) to finalise the drafting and execution of the land sale contract in accordance with the Local Government Act 1999.

## 5. OPTIONS

### Recommendation

That Council resolves:

- a) The sale of Lot 4 Mingari Street as per the proposed plan of division (Attachment 1) which is a portion of the existing Lot 479 Mingari Street Munno Para (CT 6156/288) for the agreed price of \$1.4Million (ex gst)
- b) The site area for the proposed Lot 4 (Attachment 1) will be subject to the Final Plan of Division
- c) That Council agree, in principle to provide a rate rebate to Leyton Property on the acquisition of Lots 1 & 4 Mingari Street Munno Para. The in principle rebate is subject to a consideration at a future date of relevant factors including legislative requirements, eligibility requirements, the land to which the rebate will apply and appropriate conditions to the grant of rebate. Commercial rate relief is to commence from completed construction and will be applied at 25% for a five year period.
- d) Pursuant to the Local Government Act 1999, the Chief Executive Officer be granted the delegation to finalise the drafting and execution of the land sale contract for the sale of Lot 4 Mingari Street (Attachment 1)

### Option 2

Council resolves:

- a) The sale of Lot 4 Mingari Street as per the proposed plan of division (Attachment 1) which is a portion of the existing Lot 479 Mingari Street Munno Para (CT 6156/288) for a \$200,000 discount thus reducing the agreed price of \$1.2Million (ex gst)
- b) The site area for the proposed Lot 4 (Attachment 1) will be subject to the Final Plan of Division
- c) That the property will be assessed for a discretionary rebate at practical completion under the existing rate rebate policy.
- d) Pursuant to the Local Government Act 1999, the Chief Executive Officer be granted the delegation to finalise the drafting and execution of the land sale contract for the sale of Lot 4 Mingari Street (Attachment 1)

### Option 3

Council rejects the sale of Lot 4 Mingari Street which is a portion of Lot 479 Mingari Street Munno Para to Leyton Property and the Leyton Property rate rebate application

## 6. ANALYSIS OF OPTIONS

### 6.1 Recommendation Analysis

#### 6.1.1 Analysis & Implications of the Recommendation

The recommended option to sell Lot 4 (Attachment 1) which is a portion of the whole site at Lot 479 Mingari Street Munno Para to Leyton Property and the rate rebate for Lots 1 & 4 will allow Council to achieve its objectives in debt reduction and the key principles of the Repurposing Assets Project such as maximising commercial/financial return, positive community outcomes, capital investment and employment opportunities.

The key benefits to Council and the community for the recommended option, are summarised as follows:

- The nett sale proceeds from the sale of Lot 4 will reduce Council's debt
- The offer proposes a commercial development and capital investment
- Aligns with Council's objectives to attract commercial capital investment, new services and associated employment opportunities,
- Rate rebate for Lot 1 & 4 will reduce risk of empty tenancies and reduce operational costs for the commercial tenants
- With the 25% rate rebate, Council will receive 75% of new rates which is not forecast in future operational budgets
- New additional services to the City of Playford,
- Additional capital investment and employment opportunities,
- Council will receive rate revenue from both the vacant commercial site initially followed by the future commercial development,
- Positive public and commercial market perceptions created by new commercial developments,
- The staging of the land division process will mitigate Council's risk to the timing of payment of the land division costs,
- The contractual risk associated with the sale of Lot 4 Mingari Street to Leyton Property lies predominantly in the 60-day Due Diligence period which allows the purchaser to terminate the contract. Post the Due Diligence period, the risk of contract failure is reduced due to the likelihood of the purchaser finalising precommitment with the relevant commercial tenants for the proposed development on Lot 4.

### Risk Appetite

The summarised risk assessment table including existing controls for the Lot 4 land sale and rate rebate is provided as follows:

Risk Description	Risk Appetite	Cause	Existing Description	Controls	Control Risk Rating
Current infrastructure is inadequate	Financial sustainability	<ul style="list-style-type: none"> <li>Increased traffic</li> <li>Existing sewer &amp; water services have insufficient capacity</li> </ul>	<ul style="list-style-type: none"> <li>Resolved during LD process</li> <li>Project contingency</li> </ul>		Low
Negative public opinion	Environmental Impact	<ul style="list-style-type: none"> <li>Removal of trees</li> <li>Site contamination</li> </ul>	<ul style="list-style-type: none"> <li>Contamination report completed – no issue</li> <li>Majority of trees within DIT road reserve</li> <li>Arborist/tree audit report required as part of DA process</li> <li>Regulated and significant trees to be retained where possible</li> </ul>		Low

Lot 4 land sale doesn't proceed	Financial sustainability	<ul style="list-style-type: none"> <li>DD not satisfied</li> <li>Special condition not achieved</li> </ul>	<ul style="list-style-type: none"> <li>Provision of rate rebate to tenants to provide a competitive advantage to other northern Councils</li> <li>Competitive sale price</li> <li>PDI Act provided improved and more flexible land uses</li> </ul>	Medium
Rate rebate	Financial sustainability	<ul style="list-style-type: none"> <li>Reduced annual rate revenue</li> <li>Complaints from other commercial tenants – equity issue</li> </ul>	<ul style="list-style-type: none"> <li>Rate modelling for entire site is comparatively low to forecast rate revenue</li> <li>No rate revenue received to date for the subject site</li> <li>Rate Rebate Policy allows opportunity for discretionary rebates</li> </ul>	Low
Lot 1,2,4 are not developed	Service delivery	<ul style="list-style-type: none"> <li>Delay or non-commencement of construction phase</li> <li>No new services</li> </ul>	<ul style="list-style-type: none"> <li>Rate rebate conditional from practical completion</li> <li>BCF and X-Convenience are anchor tenants</li> <li>Form 1 has already been served – highlights level of commitment</li> <li>Major intersection and high profile – positive aspect for new commercial tenants</li> </ul>	Low
Vacant tenancies – does not meet Council expectations	Reputation	<ul style="list-style-type: none"> <li>High commercial rates</li> <li>Uncompetitive</li> <li>Site access</li> </ul>	<ul style="list-style-type: none"> <li>Quality anchor tenants</li> <li>Rate rebate conditional from practical completion</li> <li>Good access from MNR and Curtis Road</li> <li>Masterplanned site</li> </ul>	Medium

The identified risks are mitigated with the listed control measures and thus reducing Council's risk exposure during the delivery of this land development project for Lot 479 Mingari Street, Munno Para.

#### 6.1.2 Financial Implications

Short-term = impacts on the current year budget

Long-term = impacts extending beyond one year, primarily implications on achievement of the LTFP and associated financial sustainability ratios

	Current Year 2021/22 \$'000	Years 1 - 5 \$'000	Ongoing \$'000
Operating Revenue		155	203
Operating Expenditure			
<b>Net Operating Impact</b>	<b>0</b>	<b>155</b>	<b>203</b>
Capital Revenue		1400	
Capital Expenditure		229	
<b>Net Capital Investment</b>	<b>0</b>	<b>1170</b>	<b>0</b>

Financial implications are based on the following assumptions.

- Fully developed capital value \$14.4M. The final assessed capital value won't be known until the Valuer General assesses the fully developed site.
- There are 8 tenancies within Lots 1 & 4.
- Calculations are based on current rates.

## **6.2 Option 2 Analysis**

### **1. 6.2.1 Analysis & Implications of Option 2**

For Option 2, Council will sell Lot 4 (Attachment 1) for \$1.2M (ex gst) which is a \$200,000 discount compared to the Recommendation agreed sale price and the rate rebate is for one year after practical completion. In comparison with the Recommendation, the key disadvantages are as follows:

- \$200,000 discount in the agreed sale price for Lot 4 will result in the reduction of the forecast land division project gross revenue
- The discount will benefit the developer and unlikely to benefit the tenants
- Rate rebate is only for a year and does not provide the required long-term incentive for tenants
- Rate rebate not preferred by Leyton Property because it's not sustainable or strong enough incentive
- One year rate rebate is not strong enough incentive to attract commercial tenants

#### **6.2.1 Financial Implications**

The financial implication of Option 2 is the reduction in agreed sale price for Lot 4, potential loss of Lot 4 land sale contract, potential risk of vacant tenancies and subsequent lost rate revenue long term.

## **6.3 Option 3 Analysis**

### **6.3.1 Analysis & Implications of Option 3**

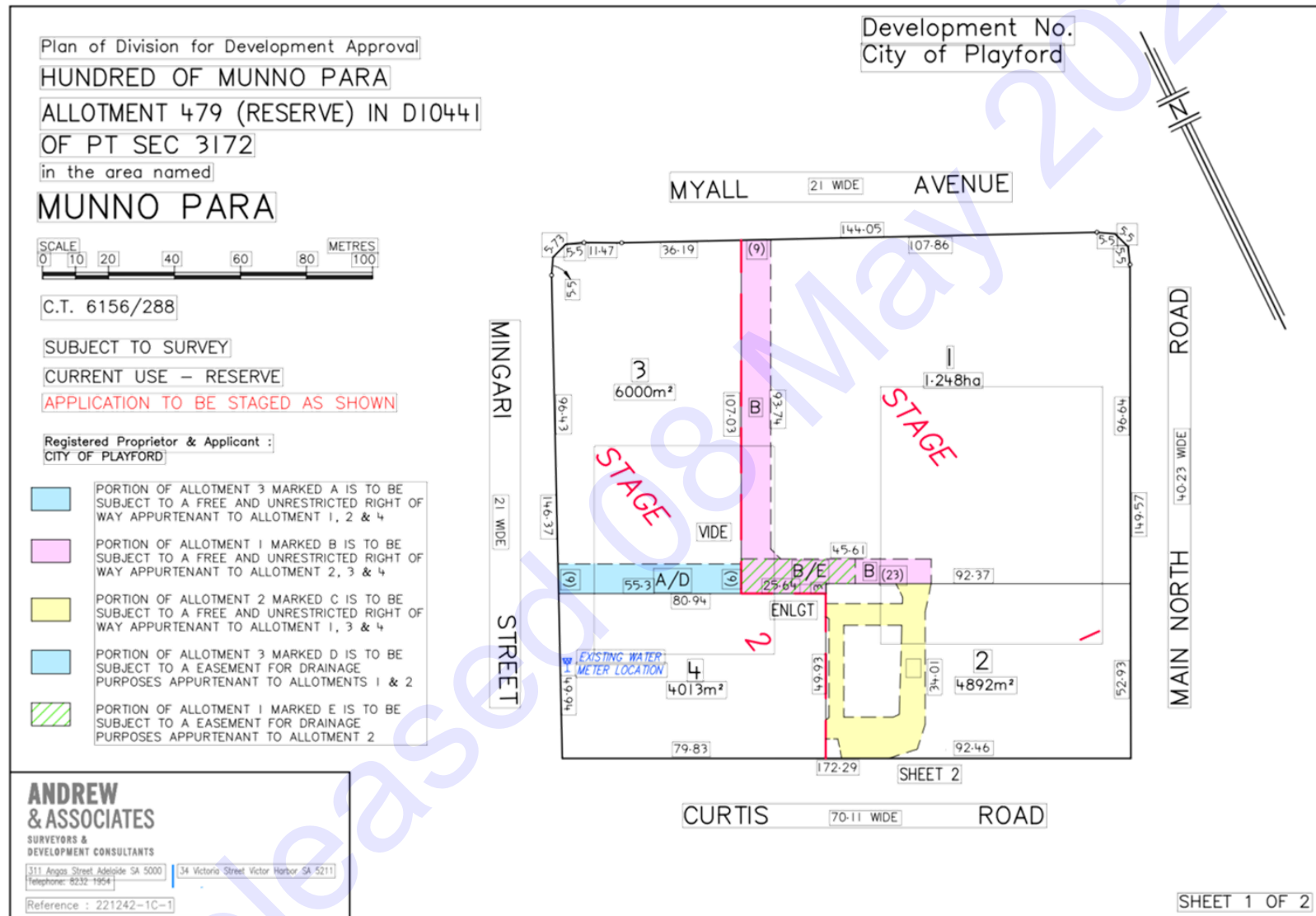
For Option 3, Council will retain ownership of the whole of Lot 479 Mingari Street Munno Para and will need to reconsider the repurposing options for the subject site which align with the Council's strategic objectives. Due to current market conditions, the key risk is that the site will remain vacant and contribute to a negative market perception towards the subject site, thus increasing the difficulty in selling or redeveloping the site in future.

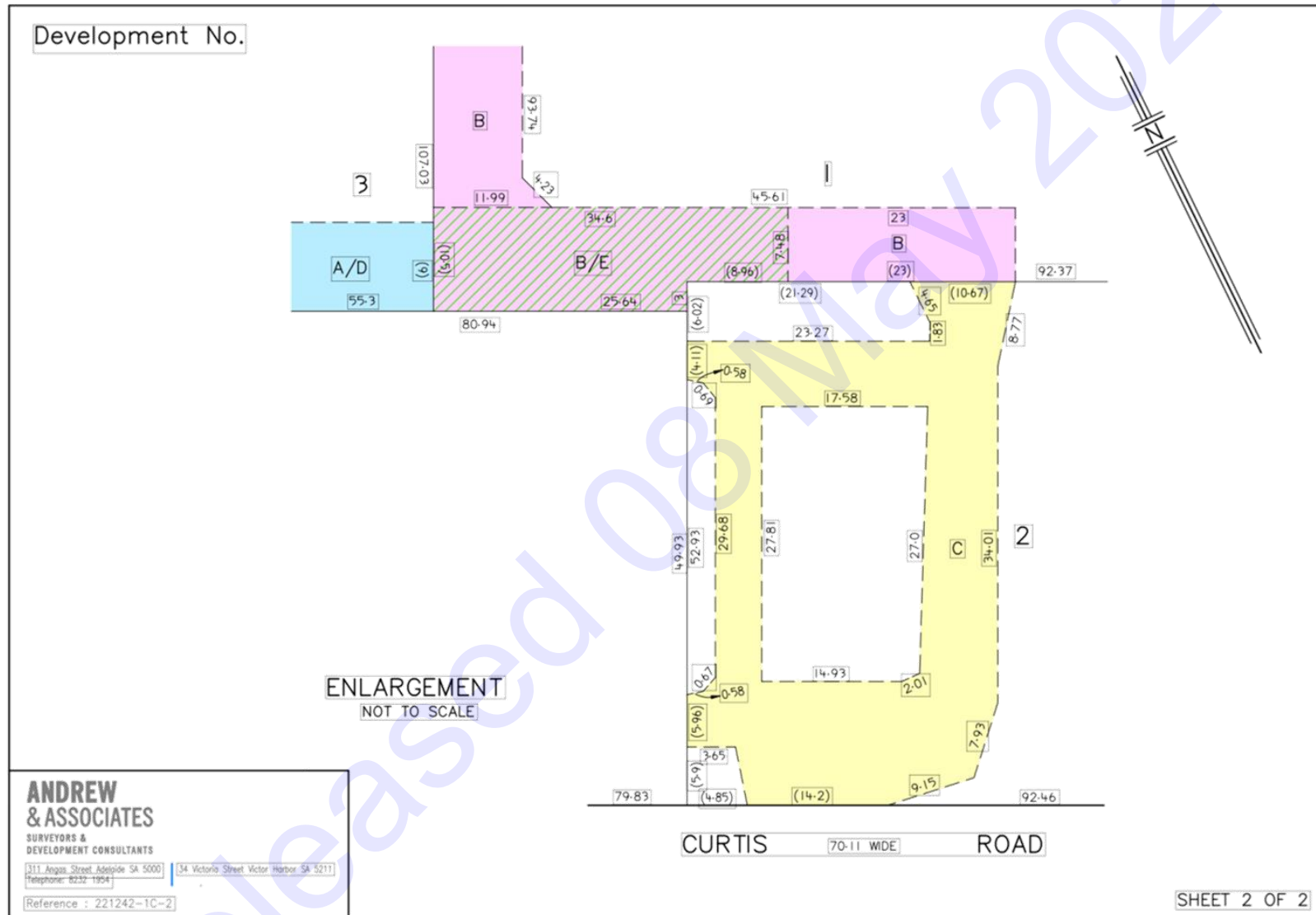
In accordance with Council's Long Term Financial Plan (LTFP), the property settlement is scheduled for FY 2021/22 thus the associated capital revenue and ongoing rate revenue. This delay will have an impact on achieving the LTFP objective and the reduction of Council's debt.

#### **6.3.2 Financial Implications**

The financial implication if Council rejects the sale of Lot 4 to Leyton Property and the rate rebate application will be that the current site at Lot 4 Mingari Street Munno Para will remain in Council ownership as undeveloped vacant land in the short to medium term, consequently no capital investment or annual rate revenue will be generated.







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28/11/2025 2:30:11 PM



**PRELIMINARY**

NO.	Description	Area
1	TOTAL DEVELOPMENT	12,000 m²
2	RETAIL DEVELOPMENT	400 m²
3	RETAIL DEVELOPMENT	400 m²
4	RETAIL DEVELOPMENT	400 m²
5	RETAIL DEVELOPMENT	400 m²
6	RETAIL DEVELOPMENT	400 m²
7	RETAIL DEVELOPMENT	400 m²
8	RETAIL DEVELOPMENT	400 m²
9	RETAIL DEVELOPMENT	400 m²

**BROOK FALCONER**

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08 8333 3333  
www.brookfalconer.com.au

LEYTON PROPERTY

MUNICIPALITY DEVELOPMENT

SITE PLAN

Scale: 1:500  
Date: 28/11/2025  
Job No: 2025002  
Drawing: 3375 D005 Rev: 8 of 10

# PROPOSED DEVELOPMENT - LOT 1 & 2



Aerial Perspective of Proposed Mixed-Use Development on Lot 1&2 Mingari St Munno Para - Leyton property



**CALL**  
(08) 8256 0333

**POST**  
12 Bishopstone Road  
Davoren Park SA 5113

**EMAIL**  
playford@playford.sa.gov.au

**VISIT**  
Playford Civic Centre  
10 Playford Boulevard  
Elizabeth SA 5112

Stretton Centre  
307 Peachey Road  
Munno Para SA 5115



## RATES REBATE APPLICATION

The City of Playford supports provision of equitable services and facilities to meet the needs of the whole community. Council support may extend to either a mandatory or a discretionary rebate of rates where the applicant meets eligibility requirements.

The information provided with this application is required to assist Council to assess your application for a rebate of rates.

**NB:** It is an offence for a person or body to make a false or misleading statement or representation in an application or to provide false or misleading information or evidence in support of an application made (or purporting to be made) under the *Local Government Act 1999*, Section 159(2). The maximum penalty for this offence is \$5,000.

1. Applicant	
If the applicant is not a natural person, please provide details of a contact person for the applicant	
Postal address: 24 St Helena place Adelaide	
	Post code: 5000
Full name of contact: William Brown - Leyton Property	
Position: Director	
Mobile: 0412 560740	Phone: 0412 560740
Email: william@leytonproperty.com.au	
2. Details of Land (refer to Rates Notice)	
<b>NB:</b> for multiple properties we require each assessment to be separately identified. A separate listing can be attached if necessary.	
Assessment Number:	Valuation Number:
Mobile:	Phone:
Property address: Lot 1 Mingari Street Munno para	
	Post code: 5113
Owner/s of land (if not you) City of playford	

**NEXT  
GREAT  
CITY**

3. Mandatory rebate category	
Please read through eligibility criteria carefully before ticking appropriate box.	
Under which category are you applying for a rebate of rates?	
<input type="checkbox"/>	<b>Health Services (100%)</b> Land being predominantly used for service delivery or administration by a hospital or health centre incorporated under the South Australian Health Commission Act 1976 (Section 160 of the Local Government Act 1999)
<input type="checkbox"/>	<b>Religious Purposes (100%)</b> Land containing a church or other building used for public worship (and any grounds), or land solely* used for religious purposes (Section 162 of the Local Government Act 1999)
<input type="checkbox"/>	<b>Public Cemeteries (100%)</b> Land being used for the purposes of a public cemetery (Section 163 of the Local Government Act 1999)
<input type="checkbox"/>	<b>Royal Zoological Society of SA (100%)</b> Land (other than land used as domestic premises) owned by, or under the care, control and management of, the Royal Zoological Society of South Australia Incorporated (Section 164 of the Local Government Act 1999)
<input type="checkbox"/>	<b>Educational Purposes (75%) (Section 165 of the Local Government Act 1999) Which of following "Education" criteria apply – tick one</b> <ul style="list-style-type: none"> <li><input type="checkbox"/> Land occupied by a government school under a lease or licence and being used for educational purposes</li> <li><input type="checkbox"/> Land occupied by a non-government school registered under the education and early childhood services (registration and standards) act 2011 and being used for educational purposes</li> <li><input type="checkbox"/> Land being used by a University or University College to provide accommodation and other forms of support for students on a not-for-profit basis</li> </ul>
<input type="checkbox"/>	<b>Community Services category (75%)</b> If you are applying under the Community Services category your community organisation is required to provide one or more of the services below to qualify for this particular mandatory rebate. <ul style="list-style-type: none"> <li><input type="checkbox"/> <b>Housing Association Properties</b> - community Housing Association that currently provides accommodation and is registered under the South Australian Co-operative and Community Housing Act 1991;</li> <li><input type="checkbox"/> Emergency accommodation;</li> <li><input type="checkbox"/> Food or clothing for disadvantaged persons (i.e. Persons who are disadvantaged by reason of poverty, illness, frailty, or mental, intellectual or physical disability);</li> <li><input type="checkbox"/> Supported accommodation (i.e. Residential care facilities in receipt of commonwealth funding or accommodation for persons with mental health, intellectual, physical or other difficulties who require support in order to live an independent life);</li> <li><input type="checkbox"/> Supported accommodation (ie. Accommodation for persons with mental health, intellectual, physical or other difficulties who require support in order to live an independent life);</li> <li><input type="checkbox"/> Essential services, or employment support, for persons with mental health disabilities, or with intellectual or physical disabilities;</li> <li><input type="checkbox"/> Legal services for disadvantaged persons;</li> <li><input type="checkbox"/> Drug or alcohol rehabilitation services; and/or</li> <li><input type="checkbox"/> Research into, or community education about, diseases or illnesses, or palliative care to persons who suffer from diseases or illnesses.</li> </ul>



### 3. Mandatory rebate category (continued)

- ☐ Community Services (75%) Land being predominantly used for service delivery and/or administration by a community services organisation (Section 161 of the *Local Government Act 1999*).
- ☐ Emergency accommodation
  - ☐ Food or clothing for disadvantaged persons\*
  - ☐ Supported accommodation\*
  - ☐ Essential services or employment support for persons with mental health disabilities, or intellectual or physical disabilities
  - ☐ Legal services for disadvantaged persons
  - ☐ Drug or alcohol rehabilitation services
  - ☐ Research into, or community education about, diseases or illnesses, or the provision of palliative care services

**NB:** For the purposes of rate rebates:

- "Disadvantaged persons" are persons who are disadvantaged by reason of poverty, illness, frailty, or mental, intellectual or physical disability
- "Supported accommodation," means
  - (a) Residential care facilities that are approved for Commonwealth funding under the *Aged Care Act 1997* (Commonwealth); or
  - (b) Accommodation for persons with mental health difficulties, intellectual or physical difficulties, or other difficulties, who require support in order to live an independent life

Please provide copies of constitution, certificates, service agreements, and extracts from your annual report or other relevant information that show that:

- ☐ Your organisation is incorporated on a not-for-profit basis
- ☐ Provides community services without charge or for a charge that is below the cost to the body of providing the services
- ☐ Services provided to persons other than members
- ☐ Services or activities are provided or will be provided within the City of Playford

If you do not satisfy the above criteria or services you may need to apply under the Discretionary Rebate category.

#### 4. Discretionary rebate category (continued)

(a) Which of the following is applicable to your application?

- ☒ Where a rebate is desirable to contribute to the proper development of the Council area (or part thereof)
- ☐ Where a rebate is desirable to contribute to the proper development of the Council area (or part thereof)
- ☐ Where the land is being used for educational purposes
- ☐ Where the land is being used for agricultural, horticultural or floricultural exhibitions
- ☐ Where the land is being used for a hospital or health centre
- ☐ Where the land is being used to provide facilities or services for children or young persons
- ☐ Where the land is being used to provide accommodation for the aged or disabled
- ☐ Where the land is being used for a residential aged care facility that is approved for Commonwealth funding under the *Aged Care Act 1997* (Commonwealth) or a day therapy centre
- ☐ Where the land is being used by an organisation which, in the opinion of Council, provides a benefit to the local community
- ☐ Where the rebate relates to common property or land vested in a community corporation under the *Community Titles Act 1996* over which the public has a free and unrestricted right of access and enjoyment
- ☒ Council considers that a rebate is appropriate to provide relief against what would otherwise amount to a substantial change in rates payable by a ratepayer due to a change in the basis of valuation used for the purposes of rating, rapid changes in valuations, or anomalies in valuations

(b) Please provide copies of certificates, service agreements, or extracts from your annual report or other relevant information that show that:

- ☒ The land is being used for the purpose listed at 4(a)
- ☐ A community need is being met by the property for which a rate rebate is sought
- ☐ Services or activities are provided or will be provided within the City of Playford

#### 5. Additional information

Please outline other relevant information in support of your discretionary rebate application (including an explanation as to why you need a rate rebate).

please refer to attached letter.

#### 6. Penalties

If a person or body is given the benefit of a rebate under this application and the grounds on which the rebate has been granted cease to exist, the person or body must immediately inform the Council of the fact and (whether or not the Council is so informed) the entitlement to the rebate ceases to exist.

**NB:** A maximum penalty of \$5,000 applies for failure to inform Council that the grounds on which the rebate has been granted cease to exist under Section 159 (8) of the *Local Government Act 1999* (as amended).

It is unlawful to make a false or misleading statement or representation within this application. A maximum penalty of \$5,000 applies under Section 159 (2) of the *Local Government Act 1999*.

#### 7. Rebate declaration

Please complete the following declaration for rebates.

- ☒ I understand the above application apply to the rebate of rates
- ☒ I declare that the information I have provided in this application is true and correct to the best of my knowledge.

Applicants Name:

William Brown

Applicants Signature:



Date of Application:

24/6/21

#### 8. Lodging your Application

Please fill in the essential details, attach requested documentation, and make sure forms are signed before returning the application form to Council.

Applications can be submitted by email:

- [ratesassist@playford.sa.gov.au](mailto:ratesassist@playford.sa.gov.au)

For enquiries regarding rates rebates, contact Council's Rates department:

- Via email at [ratesassist@playford.sa.gov.au](mailto:ratesassist@playford.sa.gov.au)
- Via telephone on (08) 8254 4644

# Leyton Property

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24 June 2021

Attn Natalie Caon  
Senior Manager, Financial Services  
The City of Playford  
via email (ratesassist@playford.sa.gov.au)

## Rates Rebate Application - Lot 1 Mingari Street Munno Para, Certificate of Title: Volume 6156 Folio 288

Dear Natalie,

We are a South Australian based development firm with a proven track record of delivering high quality, tenant driven projects across a range of property sectors including medical, fuel and large format retail.

We have recently executed a contract for the purchase of Lot 1 Mingari Street Munno Para (the Property), for \$5.54 million plus GST from The City of Playford. The contract is subject to a due diligence condition for Leyton Property (the Purchaser) to secure appropriate planning approvals and establish potential tenants to partner with for the proposed commercial development. Our due diligence period expires Tuesday, 20 July 2021 (90 days from contract 22 April 2021) plus a 30-day extension (if required).

As it stands, the Property currently comprises a largely vacant land holding which occupies a high-profile corner location with significant frontage to Main North Road and Curtis Road, although the majority has been underutilised for several years. Leyton Property are looking to maximise the potential of the site, improve the overall precinct in addition to enhancing local amenity by providing a complementary land use that will contribute to positive economic outcomes for The City of Playford creating 100 or so future jobs for the region. Our plan for the site includes a potential service station, fast food drive through, automotive workshop and two large format retail tenancies. We anticipate the project will have an on-completion Capital Value of approximately \$15.0 million and gross lettable area of approximately 3,560m<sup>2</sup>.

We have been in consultation with several national retailers that are considering occupying the Property for the long-term. Unfortunately, however, it has become apparent by both us and such groups, that outgoings for the site are significantly inflated due to the high rate in the dollar and fixed charges for commercial land in The City of Playford, being the highest of all metropolitan Local Government Areas across Adelaide. Such groups have now succumbed to potentially staying put or considering potential sites in alternative LGAs and thus, inhibiting success of the project and ultimately getting it off the ground.

Below is a comparison of The City of Playford 2020/21 rates compared to other Adelaide tenancies across metropolitan Adelaide based on a \$15.0 million Capital Value.

# Leyton Property

LGA	Rate in the dollar	Other Levies	Fixed Charge	Equated Council Rates Payable (p.a.)	Variance (\$)	Variance (%)	Rate (\$/m <sup>2</sup> )
<b>Playford (Base)</b>	<b>0.01342094</b>	<b>0.0000885</b>	<b>\$1,018</b>	<b>\$203,660</b>	<b>\$0</b>	<b>0%</b>	<b>\$57</b>
Gawler	0.0110575	0.00009351	N/A	\$167,265	\$36,394	18%	\$47
Tea Tree Gully	0.00598061	0.000097	N/A	\$91,164	\$112,495	55%	\$26
Salisbury	0.006261	0.00009166	N/A	\$95,290	\$108,370	53%	\$27
Pt Adelaide/Enfield	0.005988	0.0000891	N/A	\$91,157	\$112,503	55%	\$26
Charles Sturt	0.008278721	0.00009656	N/A	\$125,629	\$78,030	38%	\$35
Campbelltown	0.00304791	0.00009956	N/A	\$47,212	\$156,448	77%	\$13
Burnside	0.00216	0.00009956	N/A	\$33,893	\$169,766	83%	\$10
Holdfast Bay	0.00384961	0.000096815	N/A	\$59,196	\$144,463	71%	\$17
Marion	0.00612466	0.0000952	N/A	\$93,298	\$110,362	54%	\$26
Mitcham	0.00591267	0.0000963	N/A	\$90,135	\$113,525	56%	\$25
Prospect	0.0061645	0.0000947	N/A	\$93,888	\$109,772	54%	\$26
Unley	0.004845	0.00009607	\$855	\$74,971	\$128,689	63%	\$21
Walkerville	0.0037966	0.000095	N/A	\$58,374	\$145,286	71%	\$16
West Torrens	0.006248	0.00009554	N/A	\$95,153	\$108,506	53%	\$27
Mount Barker	0.00416738	0.00009386	\$662	\$64,581	\$139,079	68%	\$18
<b>Min</b>				<b>\$33,893</b>	<b>\$0</b>	<b>18%</b>	<b>\$10</b>
<b>Max</b>				<b>\$203,660</b>	<b>\$169,766</b>	<b>83%</b>	<b>\$57</b>
<b>Average</b>				<b>\$92,804</b>	<b>\$110,855</b>	<b>58%</b>	<b>\$26</b>

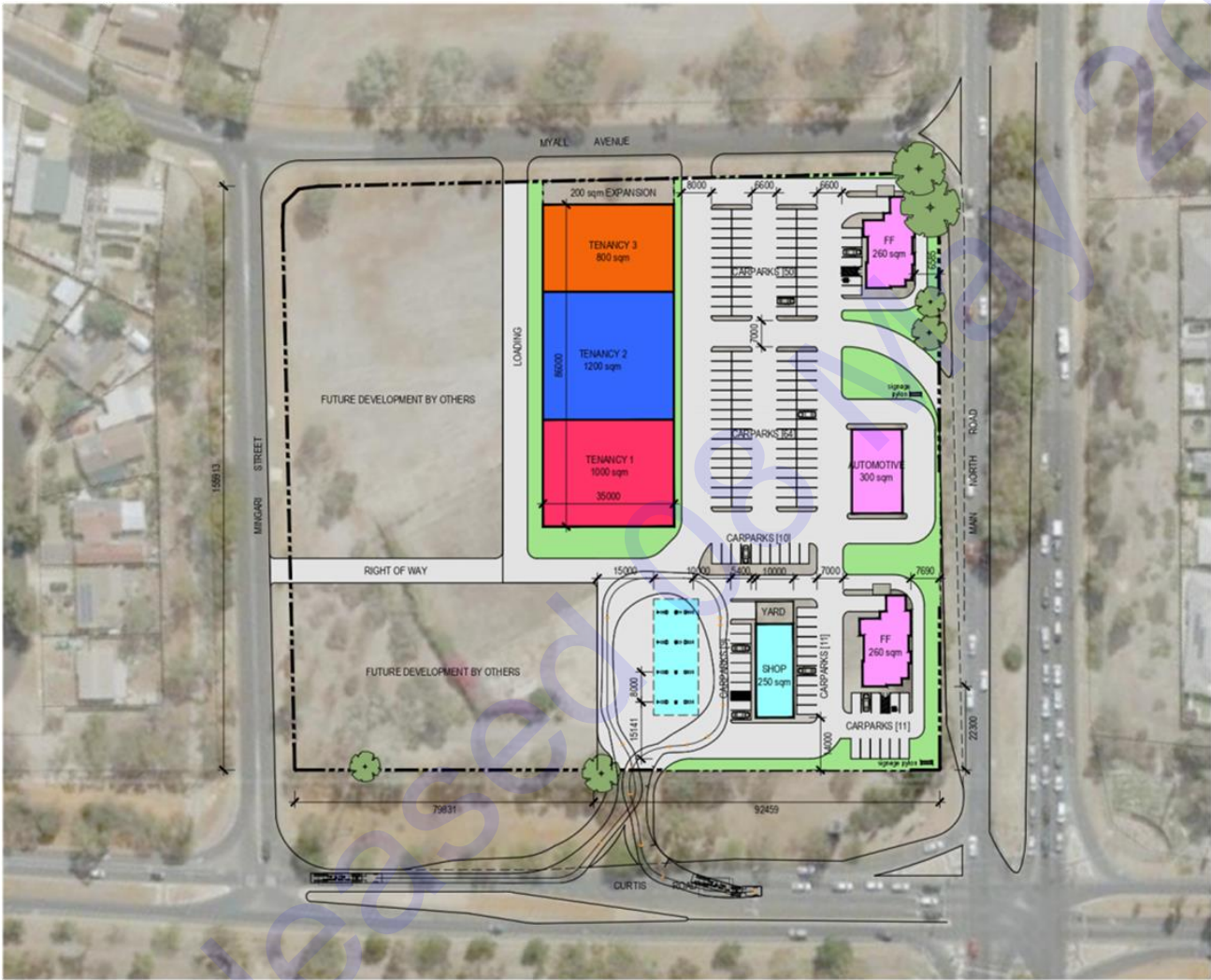
We would appreciate if you could consider this application to form a commercial agreement to freeze or reduce Council Rates for a period that will help deliver a positive catalytic outcome that will benefit all parties involved.

Yours faithfully



William Brown  
Leyton Property  
Director  
0412 560 740





PRELIMINARY

Rev Amendment Date

AREAS	
SITES :	
BUILT	17 200 sqm
VACANT	10 180 sqm
TOTAL	27 300 sqm
BUILDINGS :	
FAST FOOD	260 sqm
AUTOMOTIVE	300 sqm
BULKY GOODS	3 000 sqm
TOTAL	3 560 sqm
PARKING :	
PARKS	124
RATIO	3.48/100 sqm

BROWN  
FALCONER

28 Chesson Street, Adelaide, South Australia 5000  
Telephone : 08 8203 5800 Facsimile : 08 8223 2440  
ABN 55 017 846 585 brownfalconer.com.au

LEYTON PROPERTY

RETAIL DEVELOPMENT  
CURTIS RD & MAIN NORTH RD  
MUNNO PARA, SA

SITE CONCEPT PLAN

Scale 1:1000  
Drawn AW  
Date Sept 2020  
Job No 2020 000  
Dwg No S3427 07 Rev B A3 sheet





## RATE REBATE APPLICATION – FINANCE TEAM ASSESSMENT

- Rate rebate assessment – Section 166 Discretionary rebate of rates
- Local Govt Act SA 1999
- Summary of rate assessment;
- For score >80 ; 40% rate rebate for 1 year
- Summary;

Strategically, a one-year rate rebate is not sustainable and strong enough incentive to attract commercial tenants. Preference for multi year rate rebate.



No	Weighted Criteria	Score
1	Reason for seeking rebate	15
2	Development status	20
3	Community benefit	0
4	Employment potential	15
5	Future development potential	20
6	Impact on ratepayers	5
7	Previous agreements	5
	<b>TOTAL</b>	<b>80</b>

## CITY OF PLAYFORD COMMERCIAL RATE COMPARISON

Comparison Assumptions: \$15 M capital value & Gross lettable area = 3560 sqm (original concept) and Source; Leyton Property rate rebate application (sept-21)

LGA	Rate in the dollar	Other Levies	Fixed Charge	Equated Council Rates Payable (p.a.)	Variance (\$)	Variance (%)	Rate (\$/m <sup>2</sup> )
<b>Playford (Base)</b>	<b>0.01342094</b>	<b>0.0000885</b>	<b>\$1,018</b>	<b>\$203,660</b>	<b>\$0</b>	<b>0%</b>	<b>\$57</b>
Gawler	0.0110575	0.00009351	N/A	\$167,265	\$36,394	18%	\$47
Tea Tree Gully	0.00598061	0.000097	N/A	\$91,164	\$112,495	55%	\$26
Salisbury	0.006261	0.00009166	N/A	\$95,290	\$108,370	53%	\$27
Pt Adelaide/Enfield	0.005988	0.0000891	N/A	\$91,157	\$112,503	55%	\$26
Charles Sturt	0.008278721	0.00009656	N/A	\$125,629	\$78,030	38%	\$35
Campbelltown	0.00304791	0.00009956	N/A	\$47,212	\$156,448	77%	\$13
Burnside	0.00216	0.00009956	N/A	\$33,893	\$169,766	83%	\$10
Holdfast Bay	0.00384961	0.000096815	N/A	\$59,196	\$144,463	71%	\$17
Marion	0.00612466	0.0000952	N/A	\$93,298	\$110,362	54%	\$26
Mitcham	0.00591267	0.0000963	N/A	\$90,135	\$113,525	56%	\$25
Prospect	0.0061645	0.0000947	N/A	\$93,888	\$109,772	54%	\$26
Unley	0.004845	0.00009607	\$855	\$74,971	\$128,689	63%	\$21
Walkerville	0.0037966	0.000095	N/A	\$58,374	\$145,286	71%	\$16
West Torrens	0.006248	0.000095554	N/A	\$95,153	\$108,506	53%	\$27
Mount Barker	0.00416738	0.00009386	\$662	\$64,581	\$139,079	68%	\$18
<b>Min</b>				<b>\$33,893</b>	<b>\$0</b>	<b>18%</b>	<b>\$10</b>
<b>Max</b>				<b>\$203,660</b>	<b>\$169,766</b>	<b>83%</b>	<b>\$57</b>
<b>Average</b>				<b>\$92,804</b>	<b>\$110,855</b>	<b>58%</b>	<b>\$26</b>

## NO REBATE DISCOUNT SCENARIO – CITY OF PLAYFORD

<b>COP Rate in the Dollar</b>	<b>0.01347369</b>
Regional landscape levy	0.00008639
Fixed charge (per assessment)	\$1,020 /assessment, ratable property

Lot Number	Lot 1 ( excluding Service Station)	Lot 4	Lot 1&4
Estimated Capital Value Assessment	\$10,000,000	\$4,400,000	\$14,400,000
No of Tenancies (individually assessed)	6	2	
Rate in the dollar	\$134,737 /yr	\$59,284 /yr	
Regional Landscape levy	\$864 /yr	\$380 /yr	
Fixed Charge	\$6,122 /yr	\$2,041 /yr	
Total Rate	\$141,723/yr	\$61,705/yr	<b>203,428 /yr</b>
Gross Lettable Area (sqm)	3906 sqm	1205 sqm	5,110 sqm
Rate/ Gross Lettable Area (sqm)	\$36/sqm	\$51/sqm	<b>\$39/sqm</b>



## RATE REBATE OPTION DETAILS

Option No.	Proposal	Term	Discount to Rate in the dollar	Additional Incentive
1	Leyton	3 year	60%	-
2	Leyton	5 year	40%	-
3	Council counter-offer A	3 year	40%	-
4	Council counter-offer B	5 year	30%	-
5	Council counter-offer C	1 year	40%	PLUS Lot 4 sale price discount (\$200k)



## RATE REBATE OPTIONS COMPARSION

Based on Est Capital Value of Lot 1&4 = \$14.4 Million (excluding service station)

Annual Rate Revenue (no rebate) = \$203,428/yr

Option	1-Leyton	2-Leyton	3	4	5
% Discount Rate in Dollar	60	40	40	30	40
Term (years)	3	5	3	5	1
Reduced rate in Dollar	0.005389476	0.008084214	0.008084214	0.00943158	0.008084214
Regional landscape levy	0.00008639	0.00008639	0.00008639	0.00008639	0.00008639
Fixed charge /ratable property	\$1,020	\$1,020	\$1,020	\$1,020	\$1,020
Rate in the Dollar – Lot 1&4	\$77,609/yr	\$116,412/yr	\$116,412/yr	\$135,815/yr	\$116,412/yr
Levy – Lot 1&4	\$1,676/yr	\$1,676/yr	\$1,676/yr	\$1,676/yr	\$1,676/yr
Fixed Charge/assessment – Lot 1&4	\$8,163/yr	\$8,163/yr	\$8,163/yr	\$8,163/yr	\$8,163/yr
Total Rate/ year (TR)	\$87,445/yr	\$126,251/yr	\$126,251/yr	\$145,654/yr	\$126,251/yr
Additional Incentive (sale price discount for Lot 4)	-	-	-	-	\$200,000
Lost Rate Revenue/year (\$203,428 – TR)	\$115,983/yr	\$77,177/yr	\$77,177/yr	\$57,774/yr	\$77,177
<b>Total Implied Discount over Term</b>	<b>\$347,949</b>	<b>\$385,885</b>	<b>\$231,531</b>	<b>\$288,870</b>	<b>\$277,177</b>



## RATE REBATE OPTIONS – FINANCE TEAM REVIEW

a) Current Modelling for Mingari St site;

- Gross sale = \$7.2M
- Total rate revenue for entire developed site = \$163k/yr

b) Forecast property gross sale proceeds;

Lot	Sale ( Gross)
1&2	\$5.54M
4	\$1.4M
3	\$1.0M
Total	\$7.94M

c) Leyton Options 1&2 rejected

d) Consider Council counter offers and undertake Finance Team Review

e) Recommended discount for Lot 4 discount and rate rebate in range \$270k - \$280k



## RATE REBATE OPTIONS – FINANCE TEAM REVIEW (CONT)

### f) Finance Review Summary;

Option	Term	% Rebate	Total Rebate /Yr	Total net Rates Payable	Reduction in Lot 4 Sale Price	Total cost to Council	Comment
A	3	46	\$92,764	\$110,661	0	\$278,292	Lot 4 sale price =\$1.4M
B	5	28	\$55,658	\$147,767	0	\$278,290	Lot 4 sale price =\$1.4M
C	1	40	\$80,873	\$122,552	\$200,000	\$280,873	Lot 4 sale price =\$1.2M

g) Preferred Options : A or B – no impact on current modelling for rate revenue on total developed site = \$163k/yr due to extra rate revenue from Lots 2&3. Rate rebate benefit is direct to tenant

### h) Recommendation :

Option	B
Term	5
% Rebate	25
Total net rates payable	\$155,350
Total rebate/yr	\$48,080



## WHY – RATE REBATE ?

- Benefits of Offering Rate Rebate to Leyton for Lot 1&4 are;
  - Rate rebate will be passed onto tenants who could be small businesses
  - Potential loss of Lot 4 land sale contract
  - Reduce risk of empty tenancies
  - Attract new business, new retail spaces
  - Jobs creation
  - Same developer for Lot 1, 2, & 4 – improved site masterplanning
  - Capital investment of prime corner
  - Current rate modelling for entire developed site, rate revenue = \$163k/yr. Thus giving the proposed rate rebate for Lot 1&4 will not compromise rate modelling because we still have to receive extra rate revenue from Lots 2&3
  - With the rate rebate, Council will receive 75% of new rates which is not forecast in future operational budgets

**C. COUNCIL TO DECIDE HOW LONG ITEM 17.2 IS TO BE KEPT IN CONFIDENCE****Purpose**

To resolve how long agenda item 17.2 is to be kept confidential.

**STAFF RECOMMENDATION**

Pursuant to Section 91(7) of the Local Government Act 1999, the Council orders that the following aspects of Item 17.2 be kept confidential in accordance with Council's reasons to deal with this item in confidence pursuant to Section 90 (3) (d) of the Local Government Act 1999:

- Report for Item 17.2
- Attachment(s) for Item 17.2
- Minutes for Item 17.2

**Duration of Order:**

This order shall operate until *contract settlement*, or will be reviewed and determined as part of the annual review by Council in accordance with Section 91(9)(a) of the Local Government Act 1999, whichever comes first.