



CONFIDENTIAL STRATEGIC PLANNING COMMITTEE MEETING

CONFIDENTIAL MATTERS

- 8.1 Lot 1013 Playford Blvd ELIZABETH - Northern CBD Project (Attachments).....4

Released 26 April 2023

8.1 LOT 1013 PLAYFORD BLVD ELIZABETH - NORTHERN CBD PROJECT

Contact Person: Mr Paul Alberton

Why is this matter confidential?

Subject to an order pursuant to Section 90 (3) (b) of the Local Government Act 1999, this matter is confidential because it relates to commercial information.

A. COUNCIL/COMMITTEE TO MOVE MOTION TO GO INTO CONFIDENCE

No action – this motion passed in the open section

B. THE BUSINESS MATTER**8.1 LOT 1013 PLAYFORD BLVD ELIZABETH - NORTHERN CBD PROJECT**

See Attachment No: 1. Land information
2. Northern CBD Project - Current Concept Plan

Why is this matter before the Council or Committee?

Matters which cannot be delegated to a Committee or Staff

Purpose

For Council to endorse the purchase of Allotment 1013 Playford Boulevard (northern corner of Main North Road and Philip Highway intersection – see Attachment 1)

STAFF RECOMMENDATION

1. Council agrees to purchase Allotment 1013 Playford Boulevard, Elizabeth (CT 5936/473) from the Elizabeth Shopping Centre (owned by Vicinity Centres) for an agreed price of \$2.5 million.
2. The purchased land will be excluded from classification as community land in accordance with Section 193 of the Local Government Act 1999 and will be retained by Council as freehold land for use in Council's Northern CBD Project.

Relevance to Strategic Plan

Strategy 3. Elizabeth, Adelaide's northern CBD

Outcome 3.1 Provision of CBD facilities and services

Relevance to Public Consultation Policy

There is no need to consult the community for this decision. A decision to purchase this land is consistent with Council's strategic goals to turn Elizabeth Regional Centre into Adelaide's Northern CBD.

Background

Repositioning Elizabeth as the CBD of the north will significantly improve the wellbeing of residents in northern Adelaide by increasing services, economic diversity, and housing choice.

Council's 30 Year Community Vision and Strategic Plan have made this a major objective for Council. Council made the decision in 2013 to use its own land located around the Civic Centre to initiate this transition. The Elizabeth Shopping Centre own Allotment 1013 Playford Boulevard (the Land) which abuts our Civic Centre land. Council was successful in gaining the Elizabeth Shopping Centre's support for the Northern CBD vision. Council gained the Elizabeth Shopping Centre's support to submit an application for Round 1 National Stronger Regions Funding (NSRF) for the purpose of getting our combined land ready for mixed-use multi-storey development with infrastructure and amenity improvements. This bid was successful with the Commonwealth Government committing \$2.75m towards the project.

The Elizabeth Shopping Centre is owned by Vicinity Centres, a recently merged retail group that is currently the 25th largest company in Australia. It became clear during the preparation of the NSRF application that Vicinity Centres share our vision, the scale of their organisation is too big and too retail focused to help us achieve the vision. Therefore Council staff initiated discussions to purchase the Land from Vicinity.

Analysis of Issues

It is highly unusual for the owners of large shopping centres to sell land which they own which may, at some stage in the future, be required to cater for future expansion. However Council was successfully in showing Vicinity Centres a mutually beneficial vision for Elizabeth that is bigger than just a suburban shopping centre.

Vicinity have agreed (subject to their board approval) to sell the Land to Council for \$2.5m with covenants to the effect that Council will:

- Not develop or sell the land for retail development with the exception of small scale main street retail on Playford Blvd.
- Allow Elizabeth Shopping Centre to have appropriate signage exposure on the corner of Main North Road and Philip Highway.

Understandably Vicinity requires some assurance that Council will develop the site in accordance with our vision for mixed-use multi-storey development consisting of apartments, offices, and small scale main street retail. It is also reasonable that the Elizabeth Shopping Centre will require some signage presence in this location given that the Northern CBD project will block site lines to the centre.

Taking ownership of this land will mean that Council can take full control of the project that we were successful in receiving National Stronger Regions Funding. It removes any risk that the Elizabeth Shopping Centre could sell the land for development that is undesirable for the Northern CBD Project. Strategically this will give Council significantly greater control over the project outcomes.

The intention is for Council to develop the Land along with its Civic Centre land and Ashfield Road site into 12 allotments (see Attachment 2) ready for mixed-use multi-storey development including infrastructure, services, amenity and a central public plaza. Council would then sell the individual allotments to developers for the envisaged development outcomes.

Council had valuations of the Land undertaken as part of its National Stronger Regions Funding Round 1 application. The land was valued in its current state at approximately \$230 per square metre. The agreed sale price is consistent with this valuation ($\$230 \times 10,893\text{m}^2 = \$2,505,390$). Council also had a potential valuation calculated for the land once it is developed in accordance with our NSRF project. This valuation estimated that the developed land would be valued at approximately \$550 per square metre.

In rough numbers the Land is 10,893 square metres in area and valued at \$2.5m. If Council develops the land in accordance with the NSRF application then it will cost Council \$2,842,175 ($\$2,500,000 + \$342,175$ for infrastructure) to create allotments 5-8 on Attachment 2, plus a service road, a small section of allotment 4, and necessary road and verge widening on both Main North Road and Philip Highway frontages. After the land development is complete Council will own 5,782m² of developable land worth approximately \$3,180,100. Council could either sell this land at valuation to realise a profit of \$680,000 (27.2% return minus borrowing costs), or at a reduced price to achieve better outcomes. This decision can be made on a site by site basis. Council can recoup this money while facilitating Northern CBD outcomes. Council will also benefit financially from the rate income received from the development outcomes.

Options

Option 1

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2. The purchased land will be excluded from classification as community land in accordance with Section 193 of the Local Government Act 1999 and will be retained by Council as freehold land for use in Council's Northern CBD Project.

Option 2

Council does not wish to purchase Allotment 1013 Playford Boulevard from the Elizabeth Shopping Centre (owned by Vicinity Centres).

Analysis of Options

Option 1

This is the most important decision Council has made to date regarding the Northern CBD Project. Taking ownership of this land will remove one of the biggest risks for Stage 1 of the project ensuring the project proceeds and achieves the right outcomes. Council is unlikely to get another chance to purchase this land, the price is reasonable, and we have \$2.75m of Commonwealth funding committed to assist Council make this land development ready. Council can expect to receive its investment back within 5-10 years along with development outcomes that will benefit the community. This decision is consistent with Council's 30 year community vision and Strategic Plan objectives to make Elizabeth the CBD of northern Adelaide.

Option 2

This decision would mean that Council would need to continue to work with Elizabeth Shopping Centre/Vicinity Centres to achieve outcomes on the Land. Vicinity Centres support our vision but by their own admission are not in the business of mixed-use development and are too large an organisation to give the project the attention it needs to be successful. As long as the land is owned by Elizabeth Shopping Centre there will always be the risk of the land remaining vacant indefinitely, or worse being used for undesirable development incompatible with Council's goals. This decision would not be in the best interests of progressing Council's northern CBD vision.

Financial Implications

Council committed \$3.24m towards the Northern CBD Project this financial year. Construction on the project is currently expected to commence in April 2016 and therefore it is unlikely that the full amount will be spent in the 2015/16 financial year. Instead of rolling these funds over to next financial year and asking for more money this year, it is proposed that \$2.5m of the \$3.24m be spent on the Land, meaning Council does not need to find additional money this financial year. A budget submission for the 2016/17 financial year will be made to replenish these funds for the project. While this does represent additional borrowing for Council, the borrowing is short term because Council will sell the land over the next 10 years recouping the funds.

Preferred Options and Justification

Option 1 because it will give Council full control over Stage 1 of the Northern CBD project, it will deliver economic and social outcomes for the community and it will be cost positive for Council in the long run.

Land information - Allotment 1013 Playford Boulevard (CT 5936/473)



Title Register Search
LANDS TITLES OFFICE, ADELAIDE
For a Certificate of Title issued pursuant to the Real Property Act 1986

REGISTER SEARCH OF CERTIFICATE OF TITLE VOLUME 5936 FOLIO 473 (A)

COST \$26.00 (GST INCLUSIVE)
REGION EMAIL
AGENT LEHIP BOX NO 2 000
SEARCHED ON 27/07/2014 AT 00:07:36

PARENT TITLE CT 5471/159
AUTHORITY ACT 10140106
DATE OF ISSUE 28/02/2005
EDITION 1

REGISTERED PROPRIETOR IN FEE SIMPLE
ELIZABETH CITY CENTRE PTY. LTD OF HEADSTONE SHOPPING CENTRE 1341
SANDWICH ROAD CHAUSSEUR VIC 3144

DESCRIPTION OF LAND
ALLOTMENT 1013 DEPOSITED PLAN 66426
IN THE AREA NAMED ELIZABETH
HUNDRED OF MURDO PARISH
COUNTY OF GLENELG

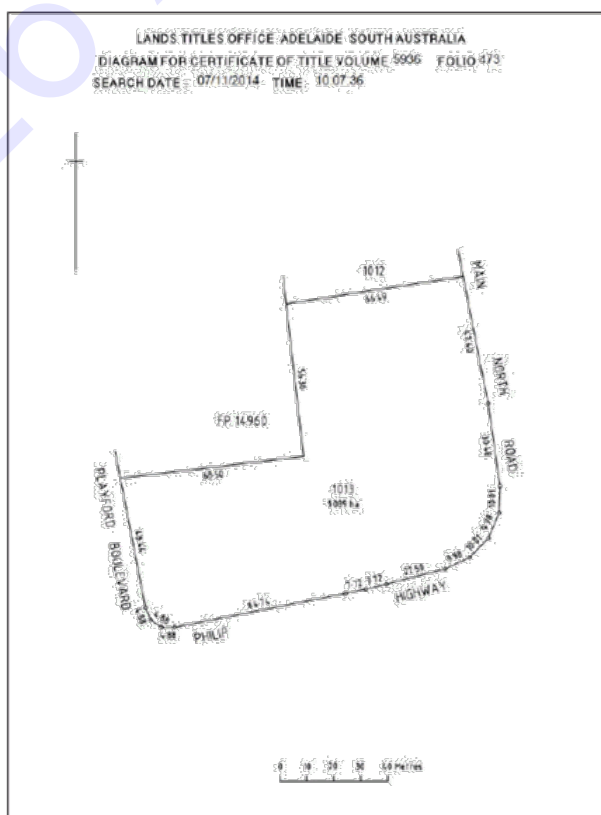
EASEMENTS
NIL

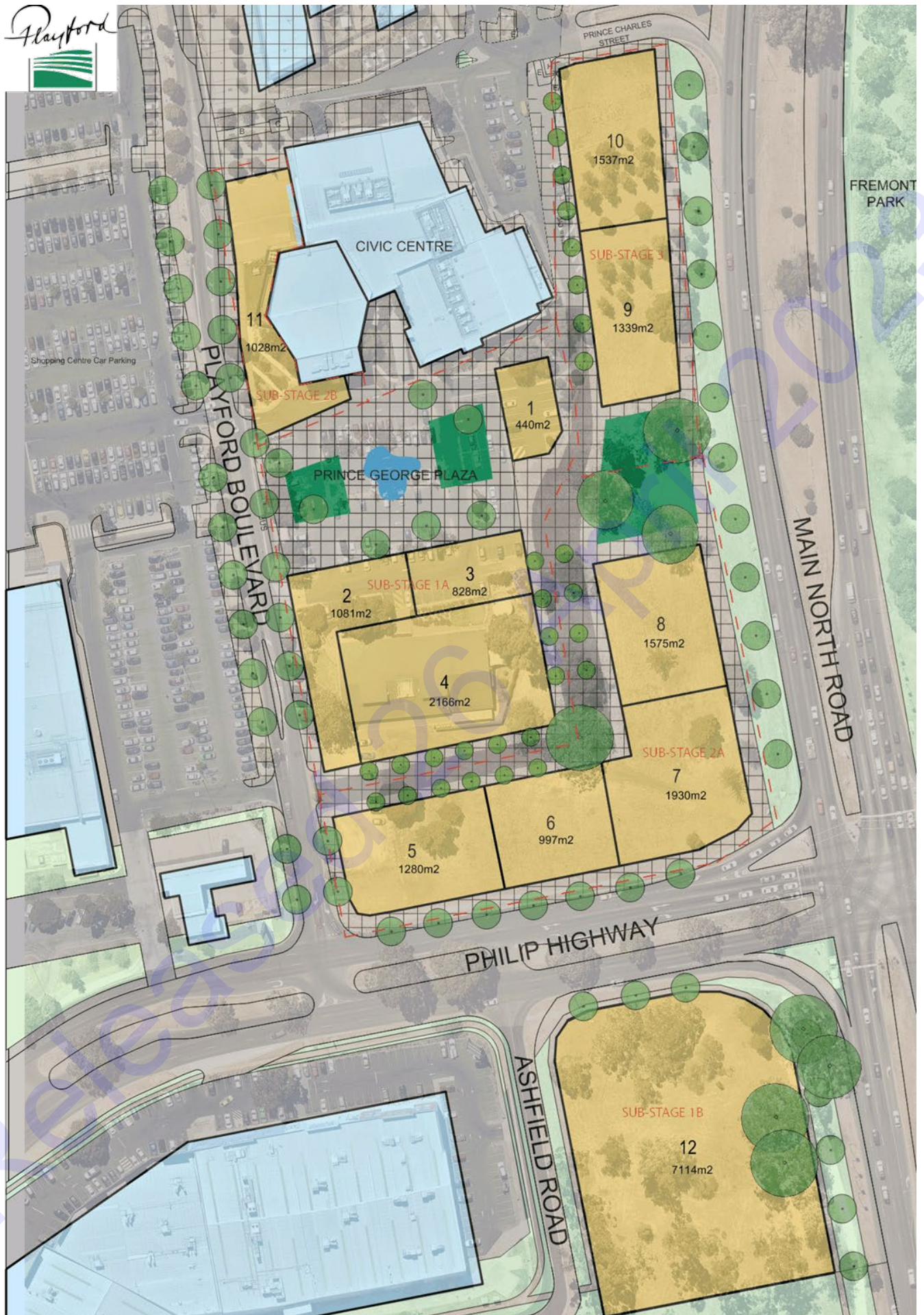
SCHEDULE OF ENCUMBRANCES
NIL

NOTATIONS
NIL

DOCUMENTS AFFECTING THIS TITLE
NIL

REGISTRAR GENERAL'S NOTES
CONTROLLED ACCESS ROAD VIDE PLAN 6





C. COUNCIL/COMMITTEE TO DECIDE HOW LONG ITEM 8.1 IS TO BE KEPT IN CONFIDENCE**Purpose**

To resolve how long agenda item 8.1 is to be kept confidential.

STAFF RECOMMENDATION

That pursuant to Section 90(2) and Section 91(7) of the Local Government Act 1999 the Council orders that the following aspects of Item 8.1 be kept confidential:

- Report for Item 8.1 until negotiations have concluded, as determined by the Acting General Manager, Strategic Projects and Assets.
- Attachment(s) for Item 8.1 until negotiations have concluded, as determined by the Acting General Manager, Strategic Projects and Assets.
- Discussion for Item 8.1 until negotiations have concluded, as determined by the Acting General Manager, Strategic Projects and Assets.
- Decision for Item 8.1 until negotiations have concluded, as determined by the Acting General Manager, Strategic Projects and Assets.

Options**Option 1**

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- Discussion for Item 8.1 until negotiations have concluded, as determined by the Acting General Manager, Strategic Projects and Assets.

Decision for Item 8.1 until negotiations have concluded, as determined by the Acting General Manager, Strategic Projects and Assets.

Option 2

The Council/Committee determines a different timeframe for any "in confidence" aspects of agenda item 8.1 to remain in confidence.

Analysis of Options**Option 1**

This item is excluded from the public on the basis that it relates to Section 90 (3) (b) of the Local Government Act 1999.

It is recommended that the Report, Attachments 1 and 2, Discussion and Decision be held in confidence until negotiations have concluded, as determined by the Acting General Manager, Strategic Projects and Assets.

Option 2

The Council may determine that certain or all aspects of agenda item 8.1 remain in confidence as it sees fit.

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