




Development Analysis	
Overall site	2.80 hectare
Landscape and Other Areas	
Future Path	0.18 hectare
Dwellings	
Driveways	0.12 hectare
PAW (42% Coverage)	
PAW - South	0.03 hectare
PAW - North	0.04 hectare
POS	
Shrubs	0.16 hectare
Path	0.02 hectare
Gravel/ Sand	0.40 hectare
Mulch/Gravel	0.14 hectare
Road reserve	
Road	0.25 hectare
Verge	0.34 hectare
Total	1.67 hectare


Developable Areas		
Lot types	QTY	Area
4 Pack Strata Lots		
Medium Lots	24	0.74 hectare
Total Lots	24	0.74 hectare


Lot types	QTY	Area
Large Individual Lots	6	0.54 hectare
Total Lots	6	0.54 hectare


Total Overall Lots	30	2.80 hectare
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Legend


 New trees


 Trees to be removed


 Trees to be retained


 Pedestrian access/ movement


 Piesse Lake walking trail (TBC)

 Offset line from lake as per Civil Engineer specification

 Retaining wall locations

 Embankment at 1:8 fall from minimum lot level 308.50AHD

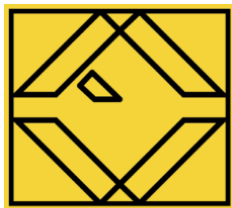
 12.5 Radius truck turning circle reserve

 Biofiltration Basin areas - TBC



Note: Residential density R30-R40 as per Structure Plan 2016

Land Transaction Business Plan – Katanning Piesse Lake Residential Development



FAR lane



October 2018

TABLE OF CONTENTS

1	Background.....	3
2	Expected Effect on Other Persons Providing Facilities and Services in the Region	6
3	Expected Effect on the Provision of Facilities and Services by the Shire of Katanning	7
4	Expected Financial Effect on the Shire of Katanning	8
4.1	Value of Land.....	8
4.2	Development Costs.....	8
4.3	Project Funding	8
4.4	Asset Disposal Program.....	8
4.5	Financial Position	9
5	Ability of the Shire of Katanning to Manage the Undertaking	10
5.1	Risk	11

1 BACKGROUND

The Piesse Lake site (the site) is a freehold land parcel held by the Shire of Katanning. Located to the north-east of the town's Central Business District, the site is within walking distance of the centre, schools and other services. Immediately adjacent to a substantial and permanent fresh water feature being constructed within a portion of Piesse Park, the site will be directly accessible to recreational amenities surrounding the lake.

The Piesse Lake Structure Plan for the site (Figure 1) was approved by the WAPC in April 2016. A Master Plan design has been prepared (Figure 2) that indicates the site will deliver 30 lots (ranging in area from 265m² to 1080m²).

The site comprises an area of 2.8 ha which fronts Synott Avenue and is bordered by Warren Street. Its southern boundary backs onto the Piesse Park reserve network. The Piesse Lake residential site is relatively level and has had the understorey vegetation removed, maintaining a small drainage line running just within the northern lot boundary.

The site has been planned to be a green-field subdivision that will deliver a mix of residential product offerings, primarily for the upper end of the market. The development will promote new urban housing solutions for the town, stimulate housing growth and promote an increase in market prices for housing.

Figure 1 – Piesse Park Structure Plan



Figure 2 – Piesse Lake Residential Master Plan



Local Government Act 1995 Requirements

This Business Plan has been prepared in accordance with Section 3.59 of the *Local Government Act 1995* and the associated *Local Government (Functions and General) Regulations 1996*. In accordance with Council's resolution of XXX, this Business Plan will be advertised in the XXX inviting public submissions on the proposal detailed in the business plan for a period of six weeks. For the duration of the consultation period, the business plan will be available online at www.katanning.gov.au.

Following the final day for submissions, Council will consider any submissions made during the advertising period and may resolve by Absolute Majority to proceed with the transaction as proposed. Submissions on this business plan are to be forwarded to the Shire of Katanning, PO BOX 130, KATANNING WA 6317.

2 EXPECTED EFFECT ON OTHER PERSONS PROVIDING FACILITIES AND SERVICES IN THE REGION

The Shire of Katanning has recognised the need to assist in the provision of new medium density, high amenity residential accommodation. This development will ultimately support the Shire's recognised needs outlined in the 2017-2027 Strategic Community Plan for:

- Diversification and renewal of housing stock in the Shire of Katanning;
- Providing opportunities to enhance the facilities and services available to the ageing population through the potential provision of universal access housing and smaller, lower maintenance built form;
- The town to provide high amenity and diverse housing options that can support the retention of Katanning's existing residential population and attraction of new residents; and
- Providing capacity for the shire of Katanning to deliver higher quality key worker accommodation in the future.

Additionally, the development may provide additional contracts for local services for works undertaken.

3 EXPECTED EFFECT ON THE PROVISION OF FACILITIES AND SERVICES BY THE SHIRE OF KATANNING

The Shire does not provide any services or facilities using the land, its sale would have no potential negative effects upon the provision of facilities and services to Katanning's community. The Shire has recognised that there is potential to obtain lots to provide key worker accommodation for staff and contractors into the future.

4 EXPECTED FINANCIAL EFFECT ON THE SHIRE OF KATANNING

4.1 VALUE OF LAND

The current value of the unimproved land for lot 79 is \$140,000.

Based on the best case subjective analysis, if the Shire releases the lots at an average price of \$23,047 (\$55/m²) each, the total revenue of from the lot sales would be approximately \$691,410 (\$2018). These figures have been used in the financial analysis of the development.

4.2 DEVELOPMENT COSTS

RBB was requested by the Shire to provide indicative cost estimates based on the structure plan prepared by Hames Sharley for a yield 30 lots. The development cost, including management fees and project contingency was estimated to be around \$2,733,000 excluding GST.

4.3 PROJECT FUNDING

Project funding for the 77% project cost will be sourced from the \$12.7 million allocated to the Shires SuperTown Heritage Centre Project as part of the state government's Royalties for Regions fund Growing our South programme. It is understood that The Shire would contribute the remaining 23% (\$630,000).

4.4 ASSET DISPOSAL PROGRAM

Assuming the disposal of 4 lots per annum, the assumed timeline for the sales of 30 lots is expected to be 8 years.

A valuation report was commissioned by the Shire from Builtform Property to assess the saleability of the proposed lots. It was acknowledged that medium density residential lots were untested in the regional market. The report advised that the lots would have to be competitively priced in order to attract buyers.

4.5 FINANCIAL POSITION

A comparison of the revenue generated with all the costs associated with the proposed development would see the Shire **carry a cost of** approximately \$2,021,090 (\$2018) over the life of the project.

It was identified that that the shire will be contributing \$630,000. It is assumed that the amount could be fully recovered from the sale of lots (\$691,410). **The project cost is offset by funding from Royalties for Regions outlined in clause 4.3.**

There is a likelihood that the parcel of land will be redeveloped following its sale and hence provide additional rate revenue of \$51,500 from dwellings for the Shire.

5 ABILITY OF THE SHIRE OF KATANNING TO MANAGE THE UNDERTAKING

The Shire of Katanning ordinarily administers large-scale financial undertakings in its day-to-day business as a Local Government entity, with the assistance of suitably qualified professionals and specialist advisors as required.

The Shire has the capability and capacity to implement the proposed transaction as set out in the business plan.

Development of the site will be subject to normal planning and building approval processes administered by the Shire's directorate of Planning and Development. The management of this disposal is within the resources and capacity of the Shire of Katanning.

Key personnel include:

- CEO, Julian Murphy
- Executive Manager – Property and Assets, Andrus Budrikis
- Project Officer – Technical, Philip Mitchell
- Hames Sharley
- Wood and Grieve Engineers

5.1 RISK

It is important that the Shire of Katanning recognises that the development of land is a risk activity subject to unpredictable outcomes. The plan identifies the following risks and actions which have been taken to reduce the risk in relation to the development:

Risks	Actions to Mitigate
Project Contingency	Any additional, project plan and project management costs.
Site Risk	Geotechnical studies were completed as part of application for subdivision. Alternative sites have been considered and identified as having greater limitations than the proposed site including the additional cost and time frames to of developing an alternative site.
Public Safety	Social/ public safety issues be addressed by including the design of pedestrian pathways through Piesse Park to encourage pedestrians to walk around rather than through the residential subdivision and appropriate lighting and CCTV provision in Piesse Park.
Market Risk	An expression of interest will be widely advertised to ascertain the demand.
Finance Risk	Project Plan and Project Management. Obtain multiple quotes for any work.
Approval risk	All approvals to be obtained.

Holding Cost	Actions to Mitigate
Electricity	Without power connections to individual lots, not charges would be incurred. On completion of the new road through the site, street lighting power for 8 new light poles at a cost of \$180 per light (totalling \$1,440 p.a.) would be incurred under the Shire Operational Costs.
Gas	Without gas connections to individual lots, not charges would be incurred.
Water	Without water connections to individual lots, not charges would be incurred.

Site Maintenance	Site maintenance and clean up when required. The estimated cost is \$8,000 p.a.
Rates for Lots that remain unsold	Shire may waive or subsidise any rates incurred.

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