

19.2 LOAN TO REDLAND INVESTMENT CORPORATION FOR DEVELOPMENT AT 521 OLD CLEVELAND ROAD EAST BIRKDALE

Objective Reference:

Authorising Officer: John Oberhardt, General Manager Organisational Services

Responsible Officer: John Oberhardt, General Manager Organisational Services

Report Author: John Oberhardt, General Manager Organisational Services

Attachments: Nil

The Council is satisfied that, pursuant to Section 275(1) of the *Local Government Regulation 2012*, the information to be received, discussed or considered in relation to this agenda item is:

- (h) *other business for which a public discussion would be likely to prejudice the interests of the local government or someone else, or enable a person to gain a financial advantage.*

PURPOSE

The purpose of this report is to request that Council resolves to enter into a loan agreement with Redland Investment Corporation Pty Ltd (RIC), to partially fund their development project at 521 Old Cleveland Road East, Birkdale.

BACKGROUND

- On 10 December 2014, the Council resolved that the property at 521 Old Cleveland Road East, Birkdale was surplus land and resolved to transfer the property to RIC.
- The Property was transferred to RIC on 12 January 2016.

The property at 521 Old Cleveland Road East, Birkdale (Lot 225 on RP816023) is subject to dual zoning under the Redland City Plan 2018 with the north-eastern part of the land contained within the Low-Medium Density Residential Zone and the balance of the land contained within the Conservation Zone.

The proposal seeks to develop the part of the land contained within the Low-Medium Density Residential Zone only as shown in the aerial photo below:



Figure 1: Subject Site

The proposal seeks to develop the subject site for a Multiple Dwelling development comprising of 13 townhouses. The proposal will provide for high quality residential infill development that is well located to public transport, services and facilities.

ISSUES

RIC does not have the capital to self-fund the entire project. Therefore, RIC requires a portion of the project costs be funded through a loan agreement with Council.

STRATEGIC IMPLICATIONS

Legislative Requirements

Following legislation in making the resolution:

1. *Statutory Bodies Financial Arrangements Act (Qld) 1982*;
2. *Local Government Act (Qld) 2009*;
3. *Local Government Regulation (Qld) 2012*.

The proposed contract is an exception under section 235(f) of the *Local Government Regulation (Qld) 2012* and the contract will not be required to be presented for quotes or tender.

Council will be required to obtain approval from the Treasurer under the *Statutory Bodies Financial Arrangements Act (Qld) 1982* to enter into the loan agreement.

Risk Management

Opportunities: Increase in revenue in the Council Financial Statements.

Risks: Council's risks will be addressed in the loan agreement.

Financial

There are no negative financial implications to the Group as all entries between Council and RIC are eliminated on consolidation.

The proposed loan agreement will be on the following terms:

Purpose	To fund the development of 13 townhouses on land at 521 Old Cleveland Road East, Birkdale and rehabilitation of vegetation on the land.
Amount	\$3,500,000
Interest Rate	4.39% (1.5% above QTC rates)
Repayment and dates	Interest paid at the end of each month accruing from the first draw down of funds. Loan will be repaid on the date RIC has received an amount equal to the loan from the settlements of the townhouses at 521 Old Cleveland Road East, Birkdale.

People

The resolution has no implications for staff.

Environmental

The conservation area spanning 16,644sq m on the site will be retained.

As part of the environmental management plan for the project, RIC will rehabilitate the conservation area, removing declared pests, exotic plants that are not native to the site and long grass/weeds to provide an improved koala habitat.

The conservation area will be transferred back to Council following a reconfiguration of lot application in 2019.

Social

The resolution has no social implications.

Alignment with Council's Policy and Plans

The recommendation is in accordance with previous resolutions by Council. The project and resolution aligns with Council's Corporate Plan 2018-2023:

"Supportive and vibrant economy – Council received a return on the community's investment in land to enhance economic and community outcomes."

CONSULTATION

Position Title	Consultation Date	Comments/Actions
Chief Financial Officer	31 July 2018	Loan Agreement sent via email (31/07/18) and discussed at Technical Working Group meeting held on 22 August 2018
RIC Board of Directors	27 June 2018 at Board Meeting	
Legal Services (As part of Technical Working Group)	31 July 2018	Loan Agreement sent via email (31/07/18) and discussed at Technical Working Group meeting held on 22 August 2018

OPTIONS

Option One

That Council resolves to enter into a loan agreement with Redland Investment Corporation in accordance with the terms in the report, to fund the development of 13 townhouses and rehabilitation of the site at 521 Old Cleveland Road East, Birkdale.

Option Two

That Council resolves to not enter into a loan agreement with Redland Investment Corporation in accordance with the terms in the report, to fund the development of 13 townhouses and rehabilitation of the site at 521 Old Cleveland Road East, Birkdale.

OFFICER'S RECOMMENDATION

That Council resolves to enter into a loan agreement with the Redland Investment Corporation in accordance with the terms in the report, to fund the development of 13 townhouses and rehabilitation of the site at 521 Old Cleveland Road East, Birkdale.