

19.2 CLEVELAND LAND PURCHASE

Objective Reference:

Authorising Officer: Louise Rusan, General Manager Community & Customer Services

Responsible Officer: Graham Simpson, Group Manager Environment & Regulation

Report Author: Damien Jolley, Senior Property Officer

Attachments:

1. Site Map - Cleveland Land Purchase
2. Planning and Zoning Information

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 recommend that Council further investigates and approves the acquisition of three properties located at Cleveland Point, being:

- 232 Shore Street North Cleveland (Lot 2 on SP280184)
- 234 Shore Street North Cleveland (Lot 1 on SP280184)
- 234 - 236 Shore Street North Cleveland (Lot 1 on SP245928)

BACKGROUND

The properties adjoin Cleveland Point Reserve and are not currently developed (refer Attachment 1). The total land area is 1859m² with a western boundary adjoining Moreton Bay and road frontage along Shore Street North to the east.

The properties are zoned Low-medium Density Residential which provides for residential areas with a high level of amenity, characterised by a mix of dwelling types including dwelling houses on a range of lot sizes, dual occupancies and smaller scale multiple dwellings. The properties are also included in both the Coastal Protection and Flood and Storm-tide overlays under the City Plan 2018, whilst being immediately adjacent to the Moreton Bay Marine Park with a zoning for both General Use and Habitat Protection (refer Attachment 2).

The properties were subject to development approvals and works in the period 2015-2017 which included the raising of the majority of the land to be above storm-tide level as required under relevant planning scheme provisions. Other infrastructure was also provided to facilitate future residential development.

The Cleveland Point Reserve Precinct is a unique foreshore destination representing a highly valued landscape. The historic character of the Point contributes to a strong sense of community and importantly contributes to Redlands Coast identity. Cleveland Point is a regionally significant landscape with panoramic Moreton Bay and island views popular with residents and visitors.

This scenic outlook makes the location an attractive international filming location with *The Chronicles of Narnia: The Voyage of the Dawn Treader* filmed on location in 2009.

Cleveland Point provides a compelling linkage to the maritime history of the Redlands where farming produce was transported routinely from farm to market by small boats. The State Heritage listed lighthouse was one of the first lighthouses in Queensland built in 1865. In the past

many jetties were located along Cleveland Point though now there are few remnants of these historic structures and the use of the Point as a former transport node.



Cleveland Point Jetties – historical photo

ISSUES

The availability of these properties presents a rare opportunity to purchase land that provides an inter-generational legacy to Redlands Coast, its community, its identity and its prosperity.

The additional land adjacent to the current Cleveland Point reserve would bolster Council's ability to create a regionally significant destination attracting more visitors and tourists to experience the Redlands Coast. The land would complement the open space and recreation values associated with the Cleveland Point Reserve.

However, until further investigation occurs, together with further consultation with Council and the community, the end use of the land is not yet determined.

It would be expected that in the short term the land could be used to expand the recreational park area of the Cleveland Point reserve or simply be land banked, with a master plan developed in the medium term to best capitalise on the unique nature of this land.

Securing key land is critical in strengthening the foundation of the emerging identity of a sustainable coastal city that inspires values of lifestyle, liveability and integrity. The availability of the land provides an exciting opportunity to enhance the tourism, recreation and entertainment profile of a busy internationally renowned Redlands Coast iconic destination.

Further investment at Cleveland Point Reserve can provide a future catalyst of tourism economic development to the entire city by providing improved quality experiences, marketing, jobs and recreational benefits enabling capacity and future growth on the Redlands Coast.

It is noted that Cleveland Point is not currently serviced by public transport, unlike Wellington and Victoria Point reserves, and the land may facilitate public transport options in the future.

Though there are existing car parking pressures at Cleveland Point, the land is not intended to be acquired for car parking purposes.

Alignment to Council's Strategic Priorities

Council's Strategic Priorities 2016-2020	
PRIORITY	ALIGNMENT
ECONOMIC DEVELOPMENT	Acquisition of addition land adjacent to Cleveland Point Reserve can enable Council to incentivise business and employment connected to this strategic location.
BRANDING IDENTITY	Considered and strategic development in this location can leverage off the existing reputation of Cleveland Point Reserve as a premier Redlands Coast tourism destination.
CITY PLANNING	Consideration of future ecotourism opportunities and demand. Cleveland Point is an attractive location to expand eco-tourism business opportunities.
TRANSPORT	Increase the profile of the Cleveland Point Precinct increases the feasibility and benefits of various transport modes including bus, private and public watercraft.
SPORT, EDUCATION AND THE ARTS	Cleveland Point Reserve is a great location to promote the Redlands Coast healthy and active lifestyle.
A SMART CITY	Interim uses and enabling for an intergenerational long-term legacy.

Market value

The properties are listed at the following prices:

- [REDACTED] for 232 Shore Street North
- [REDACTED] for 234 Shore Street North
- [REDACTED] for 234-236 Shore Street North

To advance any acquisition, Council requires valuations on the properties by an Independent Valuer. The valuation methodology will involve comparable market sales and the lands location, physical characteristics, constraints and planning controls.

Site valuations, provided by the Department of Natural Resources, Mines and Energy (DNRME), for the properties as at 9 February 2019 are:

- [REDACTED] for 232 Shore Street North
- [REDACTED] for 234 Shore Street North
- [REDACTED] for 234-236 Shore Street North

Based on the DNRME valuations there is a probability that the assessed market values may come in much less than the asking price.

If Council's offer, based on the assessed value is not accepted Council may determine to pay over market value in certain circumstances where Council has a higher demand for land and willingness to pay a premium price above other potential market buyers to preserve, consolidate or capitalise on its land holdings for current or future use.

This situation would involve seeking a delegation for above market value as a step in the negotiation process between the market value and the cost of using statutory powers to resume the land at its highest and best use.

STRATEGIC IMPLICATIONS

Legislative Requirements

Purchase of the property is consistent with provisions contained in the *Local Government Act 2009* which gives Council an ability to purchase the property for Local Government purposes.

Risk Management

Council would undertake a due diligence assessment of the land before finalising and contract of sale to consider any risks or issues associated with the land.

There is also a risk that any interim land use, such as for recreational parkland, may become problematic for any future land use which emerges out of any master planning exercise. Therefore, the end use of the land must be developed with significant engagement with the community to mitigate such a risk.

Financial

With a desire to maximise opportunities on the land's potential future use/s, and the need to respond to the land purchase opportunity in a timely manner, Council could choose to fund from general revenue or new borrowings.

New borrowings for the acquisition is considered a potentially appropriate funding alternative to reflect the intergenerational and capital nature of the purchase.

If the future use is determined at a later stage, and the use aligns with the purpose of specific constrained cash reserves then officers could subsequently offset the borrowings or general rates revenue from these constrained reserves.

As the land acquisition is not currently included in the FY2018/19 budgeted capital program, the purchase would exceed the current budget. As Council's borrowing application has been finalised for FY2018/19, the acquisition cannot be funded this financial year utilising borrowings. It is considered that budget for the purchase would form part of the 2019/20 budget and most be funded through borrowing.

Indicative repayment schedules based on a 20 year loan suggest debt repayments (principal and interest) will range from \$250k to \$350k per year at the current Queensland Treasury Corporation borrowing rate for a 20 year loan. The annual repayments are dependent on the amount borrowed (subject to a valuation of the land parcels and associated acquisition costs) and the rate on the day the loan is locked in.

Operational costs to maintain the land have been estimated at approximately \$5,000 per annum. The lots currently have bollards installed along their frontage, however the condition is unknown and style does not match the existing treatment in the adjacent Cleveland Point park reserve. If Council determined a high risk or need in the future to replace all the bollards and install a maintenance access gate, the cost would be approximately \$40,000 (including removal and disposal of the existing). This establishment cost is not required immediately.

People

Council resources will be required to undertake investigations and economic modelling to determine the most appropriate short, medium and long-term actions/uses, which can be accommodated in existing employee establishment.

Environmental

The management and future uses of the properties will consider the environmental values of the unique character and amenity of the Point.

Social

Potential in enhancing experiences at the Point will contribute to improvements in social connectedness, visitor and recreational opportunities and pride in signature Redlands Coast places.

Alignment with Council's Policy and Plans

The Point is a popular and iconic regional tourism and recreation destination. The Redland City Council Open Space Strategy (OSS) defines Cleveland Point Reserve as a T1 Destination Park. The OSS identifies the Point as a Signature experience, this precinct offers a recognised point-of-difference and should be promoted as a destination experience.

CONSULTATION

Consulted	Position Consulted	Date	Comments
Executive Leadership Team (ELT)	Executive Leadership Team	18 February 2019	Discussion on property opportunity
Community and Economic Development	Service Manager Strategic Economic, Community and Customer Services	25 February 2019	Meeting
Community and Economic Development	Senior Adviser Strategic Partnerships, Community and Customer Services	25 February 2019	Meeting
Community and Economic Development	Senior Adviser - Strategic Econ Development, Community and Customer Services	25 February 2019	Meeting
City Infrastructure	Service Manager Civic & Open Space	6 March 2019	Meeting
City Infrastructure	Senior Adviser Civic & Open Space – Planning and Policy	6 March 2019	Meeting
City Infrastructure	Adviser Public Place Design	6 March 2019	Meeting
Financial Services	Service Manager - Bus Partnering	6 March 2019	Meeting
Financial Services	Snr Management Accountant – Business Partnering	6 March 2019	Meeting
Environment and Regulation	Senior Property Officer	6 March 2019	Meeting
Community and Customer Services	General Manager Customer services	7 March 2019	Meeting
Community and Economic Development	Group Manager – Community and Economic Development	7 March 2019	Meeting

Executive Leadership Team (ELT)	Executive Leadership Team	11 March 2019	Discussion around funding opportunities and financial implications
Financial Services	Chief Financial Officer	11 March 2019	Discussion around funding opportunities and financial implications
General Counsel	General Counsel	13 March 2019	Discussion around valuation and market value methodology

OPTIONS

Option One

That Council resolves to:

1. delegate authority to the Chief Executive Officer under section 257(1)(b) of the *Local Government Act 2009*, to make, vary, negotiate and discharge a contract, including signing all relevant documents, to acquire the land at fair market value and execute all associated documentation;
2. authorise the allocation of sufficient funds, potentially through borrowings, to acquire the land and to fund establishment and maintenance costs during the 2019/20 financial year; and
3. maintain this report and attachments as confidential until settlement or as required by any legal or statutory obligation, subject to maintaining the confidentiality of legally privileged, private and commercial in confidence information.

Option Two

That Council resolves to not acquire the land.

OFFICER'S RECOMMENDATION

That Council resolves to:

1. **delegate authority to the Chief Executive Officer under section 257(1)(b) of the *Local Government Act 2009*, to make, vary, negotiate and discharge a contract, including signing all relevant documents, to acquire the land at fair market value and execute all associated documentation;**
2. **authorise the allocation of sufficient funds, potentially through borrowings, to acquire the land and to fund establishment and maintenance costs during the 2019/20 financial year; and**
3. **maintain this report and attachments as confidential until settlement or as required by any legal or statutory obligation, subject to maintaining the confidentiality of legally privileged, private and commercial in confidence information.**

Attachment 1

Location of properties in context of Cleveland Point:



The Point– Cleveland Point Reserve Precinct

Attachment 2

Zoning and planning information

Figure 1 - Zoning

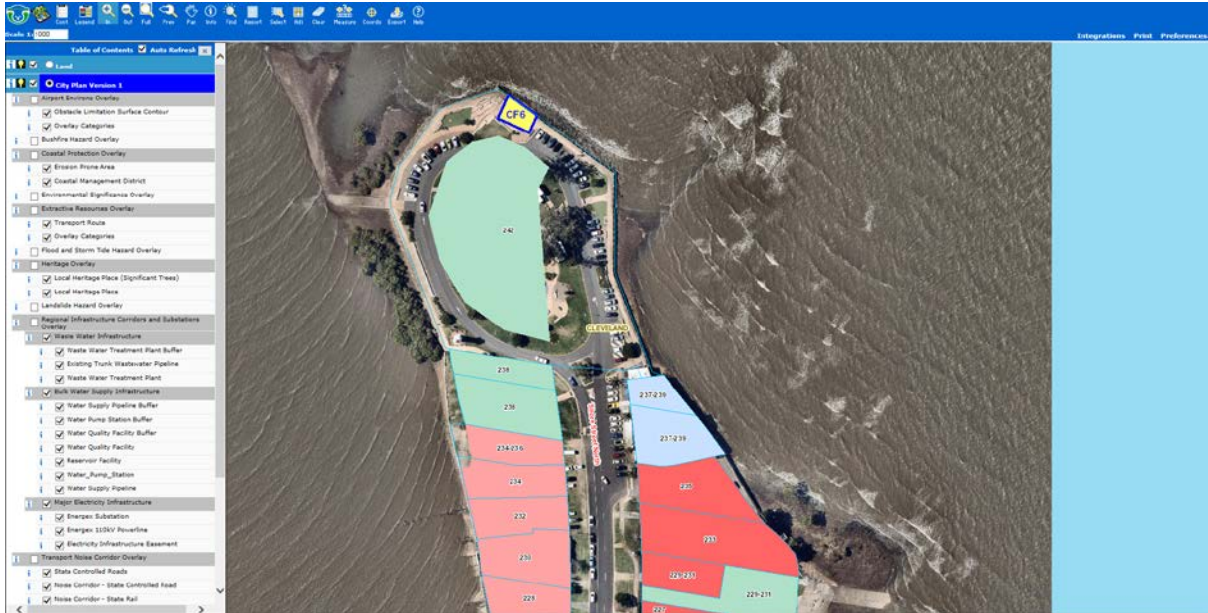


Figure 2 – Coastal Protection and Flood and Storm-tide overlay

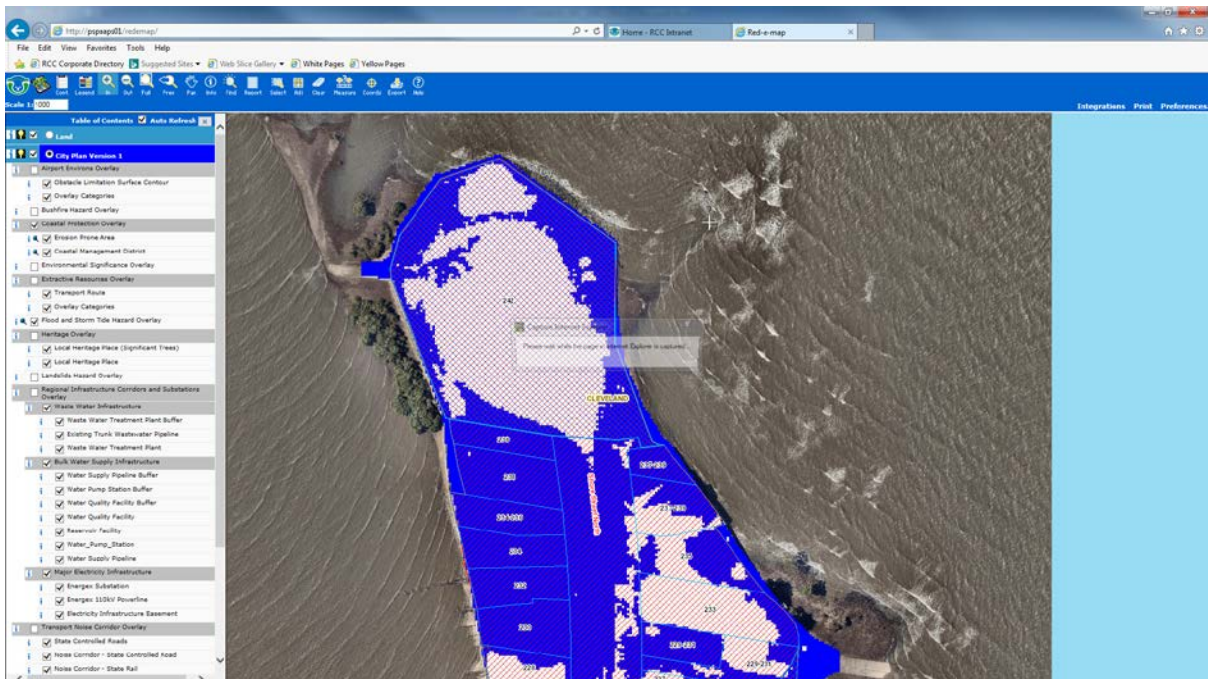


Figure 3 – Marine Park zoning

