

142.3.2

**DECISION ITEM:
LANDS END ACQUISITION OF LAND****Purpose**

To inform the Board on the potential acquisition of land identified as Blocks 1591, 1592, 1593, 1594, 1595, 1596 and 1597 (Lands End) in the District of Belconnen.

Background

The property of Lands End is made up of Rural Blocks 1591 to 1597 in the District of Belconnen (outlined in red in **Attachment 1**) and is the subject of an approach by the current lessee to sell to the LDA. It consists of approximately 337ha located 20km west of Canberra's CBD bounded by the western edge of Hawker and southern edge of Higgins and by other rural leasehold properties to the west, the Molonglo River in the south and Kama Nature Reserve to the south east. The developable area (approximately 337ha) is expected to deliver approximately [REDACTED] dwellings with a gross realisation of [REDACTED]

Attachment 2 illustrates the development potential of the wider precinct shown in yellow.

The privately owned property has several service 'easements' running through it for water mains and a right of way between Hawker and the Molonglo River. Pegasus Riding for the Disabled adjoins on the north-west corner with a horse trail extending along Drake Brockman Drive and south under William Hovell Drive before heading further east.

Identification of the Molonglo Valley firstly as an urban capable area and then as a future urban area occurred in the Government's *Canberra Spatial Plan* – (March 2004).

Molonglo Stages 1 and 2 were identified as Priority 1 short term with Molonglo Stage 3 and areas to the west as Priority 2 medium term. Lands End forms part of the Central Molonglo precinct and has been identified in the Molonglo Valley Structure Plan in 2008.

The Canberra Spatial Plan (2004) – Strategic Direction Map is at **Attachment 3** and the inset shows the location of the Eastern Precinct (Molonglo Stages 1, 2 and 3 as well as the Central precinct).

The Canberra Plan published in 2008 highlighted significant increases in population, the growth of the economy, gross household income, a small increase in the labour market and increases in housing numbers. This highlights growth in the economy and an increase in housing demand.

At the time of finalisation of the Structure Plan, the land to the west of Kama Nature Reserve including Lands End was the subject of a moratorium by the Government which would provide a further opportunity to monitor and evaluate the natural resource values of the area. It was thought at the time (2004) that based on its current projections that land for housing would not be needed for 20 years. While seven years have passed since the moratorium was announced, the commitment to future urban development continues and the initial block releases in nearby Molonglo Stage 3 is scheduled for 2021-2022.

The potential purchase of Lands End is considered a strategic acquisition in securing land in the Central Molonglo precinct.

Part of the land at Lands End is currently being considered as a possible district playing field site that will jointly service the needs of West Belconnen and Molonglo Stage 3. The location near the intersection of William Hovell and Drake Brockman Drive is uniquely situated to serve both Districts and has immediate access to site servicing.

Issues

Land Acquisition Policy Framework

In June of 2014 the LDA was directed to act in accordance with the principles of the Land Development Agency – Land Acquisition Policy Framework when exercising the Agency’s functions under the *Planning and Development Act 1997*. The proposed acquisition set out in this paper is in accordance with the principles of the framework. Specifically, it falls within clause 2.2.1 a. below \$5m. This requires agreement by the Board with advice to the Minister for Economic Development or the Minister responsible for administering Chapter 4 of the Act.

Crown Lessee

The Crown Lessee is identified as [REDACTED]. In discussions with [REDACTED] it is understood that [REDACTED]. The LDA is seeking legal advice on any impacts this may have for the potential sale.

Lands End has a 99 year lease and has approximately 85 years to run.

Application and Valuation

After the initial approach to the LDA by [REDACTED] for purchase of the land, the LDA has obtained two land valuations to assist in negotiating a fair market value. The valuers determined a price between \$2.925m and \$3.1m. These valuations are based on the current lease purpose clause as rural land.

[REDACTED] has been provided with copies of the two independent valuation reports. [REDACTED] has indicated an interest to sell and is willing to negotiate a price within the two valuations.

The possible overall development yield of Central Molonglo could be as high as [REDACTED] dwellings with a gross realisation of around [REDACTED]. This is based on an assumption that approximately 60% of the land is suitable for urban land development with the remainder either future offset potential, open space and infrastructure corridors and roads.

The property would be purchased as an ongoing concern and GST does not apply to the arrangements under the sales contract.

Land Management

Ongoing management of the land would take the form of a licence to either the existing lessee or another interested party through a land management agreement with the LDA. This would allow the operation of the farm to continue until such time as the land in part or as a whole is required for urban development.

Part of the land may have potential in part as an environmental offset area for associated developments depending on the species and communities impacted at the time.

Acquisition will also allow the increased protection of Kama Nature Reserve by providing the opportunity for the LDA to construct a fire trail along the western edge of Kama. This in turn would provide further protection for the western edge of Molonglo Stage 3 to the east of Kama Nature Reserve by decreasing the risk of unimpeded fire runs from the north west into Kama.

Possible Planning Design Framework

It has been established that the site has the potential to locate District playing fields in the northern part of the land to service the needs of the West Belconnen and Molonglo Stage 3 developments.

Locating the playing fields in this location will reduce the need for additional playing fields in both West Belconnen and Molonglo Stage 3. The land take of approximately 40ha may provide an increase yield in both Districts.

Price Analysis

Both property valuations received as part of the assessment of Lands End analysed sales evidence from recent sales of comparable properties within the ACT and on freehold land in adjoining NSW. The ACT sales indicated a range of land values that varied considerably depending on size and location with some anomalies in the range.

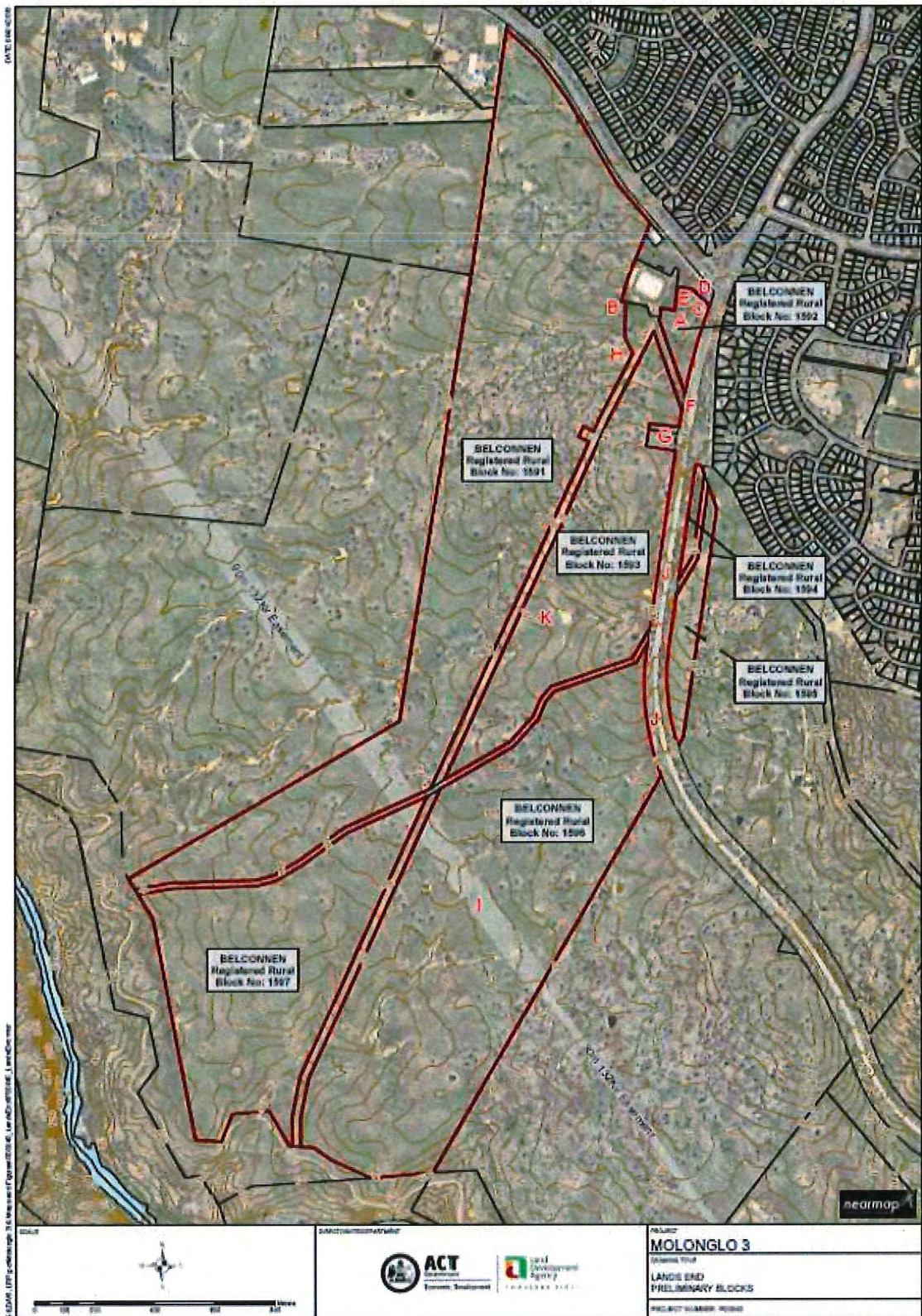
The valuations received used values of \$7,500/ha and \$8,500/ha excluding buildings. These values in both cases did not include any consideration for potential higher order uses or redevelopment of the land.

Recommendation

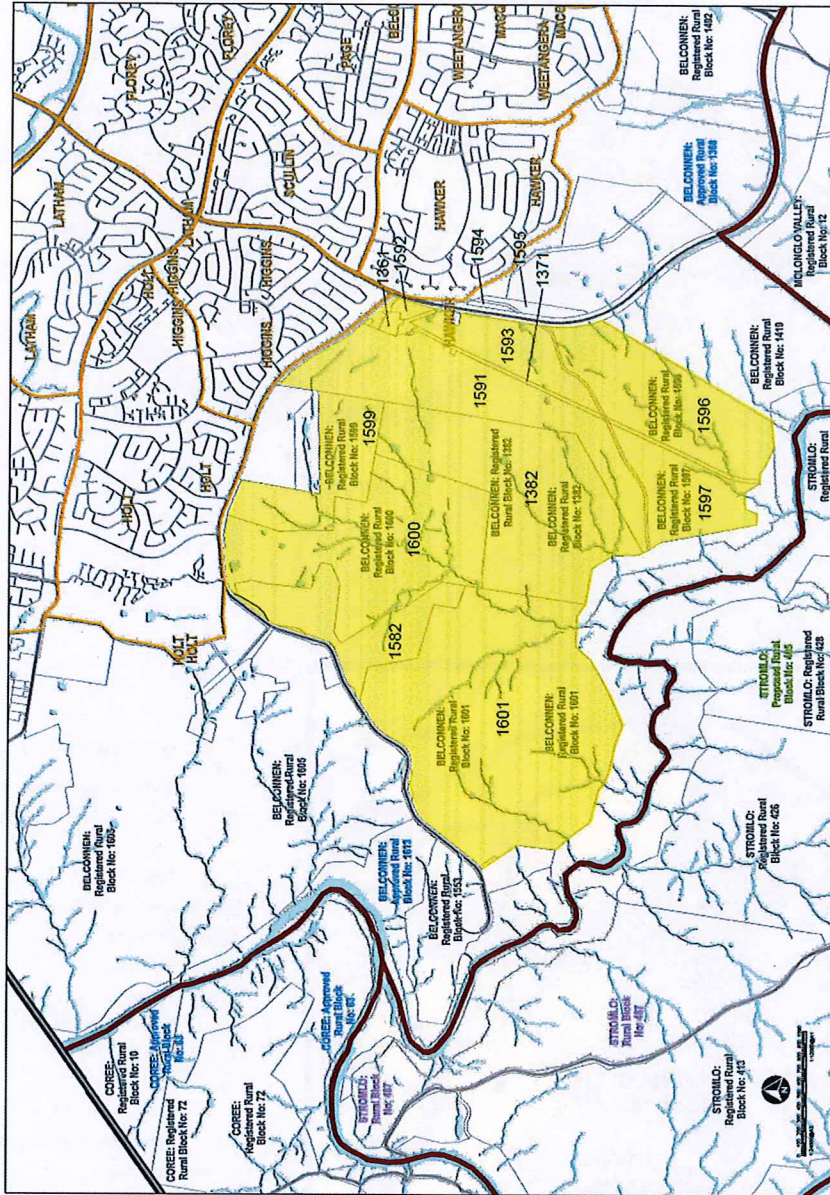
That the Board agree:

1. To the acquisition of Rural Blocks 1591 to 1597 in the District of Belconnen, subject to the Government Solicitor's Office confirming that there are no outstanding matters in relation to the property.
2. The purchase price can be negotiated with [REDACTED] up to a maximum price of \$3.1M.
3. Post acquisition, the LDA will manage the site through the provision of a licence for land management purposes ahead of any requirement for land development.

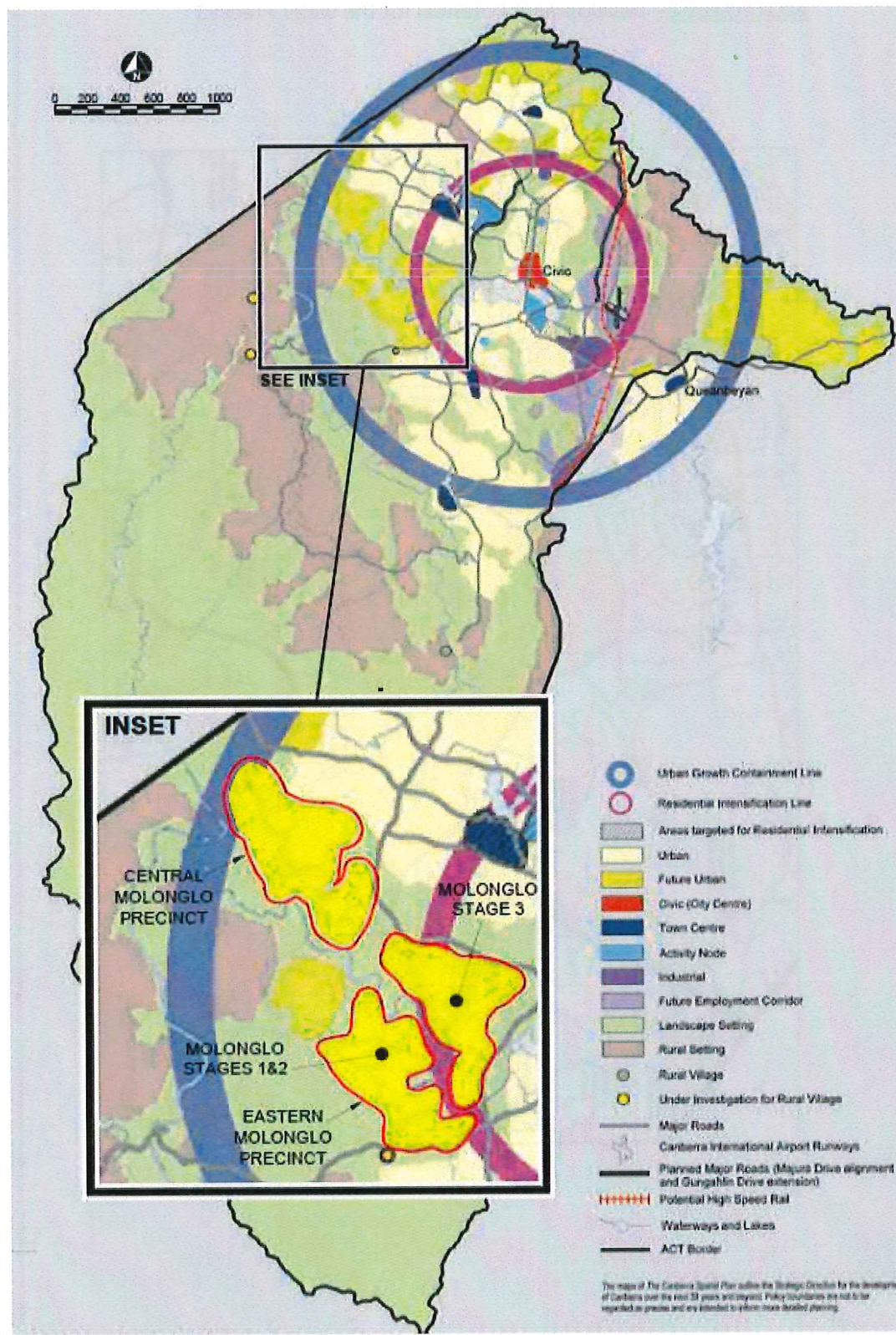
Attachment 1 – Proposed Land Acquisition



Attachment 2 – Development Potential for the wider Precinct



Attachment 3 – The Canberra Spatial Plan (2004) – Strategic Direction Map





ACT
Government
Economic Development



Business Case

Project Name:	Acquisition of Rural Block 19 STROMLO
Project Value:	\$7M
Risk Assessment (high/med/low):	Low
Proposed Delivery Model:	Future Residential Subdivision
Requesting Directorate:	Treasury Directorate
Requesting Minister:	Andrew Barr MLA

Contact Officer, Requesting Directorate:

David Thornhill, LDA

14 May 2015

Executive Director, Land Development Agency:



CFO, Land Development Agency:



CEO, Land Development Agency:



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1. Purchase Outline

1.1 Property Overview

Rural Block 19 Stromlo (shown in Figure 1) is 290.3ha property located approximately 20km southwest of Canberra CBD surrounded by ACT rural leasehold properties and Government horse paddocks. The privately owned property adjoins Murrumbidgee River corridor and the bicentennial trail.

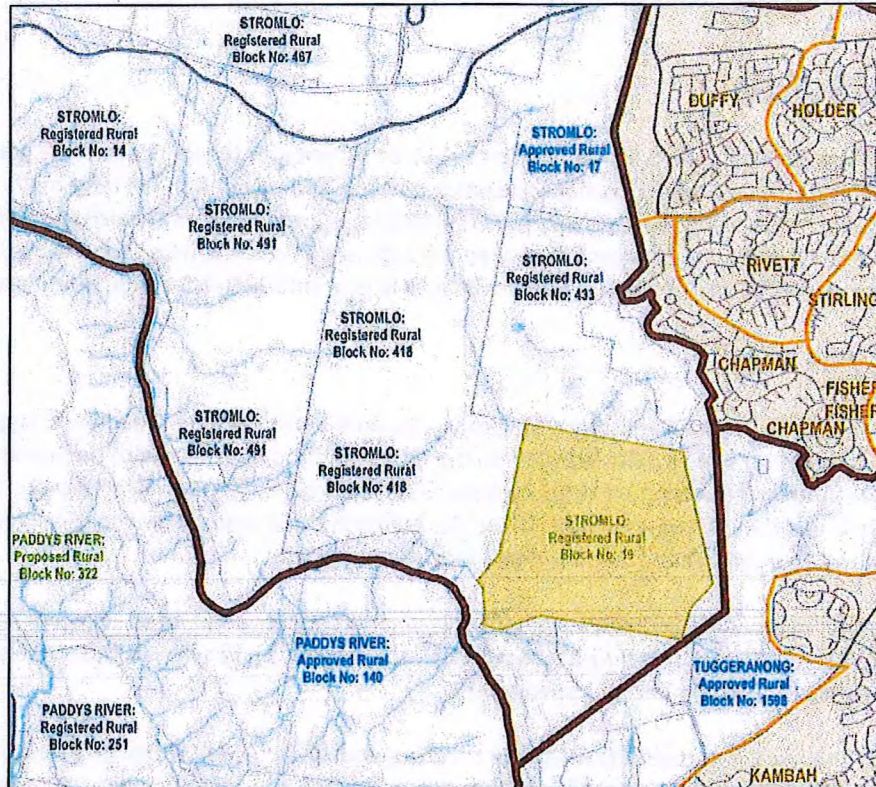


Figure 1 - Block 19 Stromlo Locality Map Source: ACTMAPi

1.2 Land Acquisition Policy Framework

The Planning and Development (Land Acquisition Policy Framework) Direction 2014 (No 1) ('the framework') came into effect on 20 June 2014 allowing the LDA to undertake strategic land acquisitions in accordance with the framework. The acquisition of this property falls within this framework.

The framework provides for a land acquisition limit of \$20 million (per financial year) after which Government agreement is required for each purchase. Any land acquisitions:

- below \$5 million require agreement by the LDA Board with advice to the relevant Minister;
- between \$5 million and \$20 million requires agreement by the Chief Minister and Treasurer with a **business case provided to ACT Treasury**; and
- Above \$20 million require formal agreement by Government (Cabinet approval).

This business case is to address the requirements of the framework by providing the acquisition details to ACT Treasury for this land acquisition.

1.3 LDA Board Approval

The LDA Board agreed to the strategic acquisition of Block 19 Stromlo on the 11th December 2014. The acquisition of this property will be funded by the LDA and has been included in current financial forecasts provided by the LDA.

2. Needs Analysis

The purchase of this property by the LDA is to provide security for future Greenfield land, unlock the potential for future acquisition of adjacent properties and respond to future growth requirements as discussed in Appendix A. This approach is predicated on the existing urban overlay, the fact that a number of the sites in this area are adjacent to existing urban infrastructure, and advice that a number of lessees are either willing sellers or interested development partners.

2.1 Suitability

Block 19 is located amongst existing rural properties on the urban fringe of Kambah. Tuggeranong Parkway is situated approximately 1.5km to the east with Hindmarsh Drive to the north of the site. There is no known infrastructure or topographic site constraints. Existing road infrastructure and services are located in close proximity to the site indicating that upgrade and lead-in works would be contained to a reasonable cost expected for a greenfield site.

This site can be accessed through existing Territory land onto Sulwood Road, adjacent to the western edge of Kambah. Under a greater development strategy, this area could also link back through adjacent rural land to Hindmarsh Drive.

Currently the block is zoned as NUZ4 (River corridor) and NUZ2 (Rural). Through a Territory Plan Variation, the zoning can be altered to Future Urban Overlay allowing planning and development into greenfield sites to occur.

The current lessee of Block 19 Stromlo was offered a 30-year lease from 2002 under the terms and conditions of the then Land (Planning and Environment) Act 1991 and the Disallowable Instrument (DI). The value of the lease was assessed at \$60,800 for a period of 30 years.

In 2005, the lessee paid the remainder of what owed on the 30-year lease and was granted a lease for a term expiring on 3 January 2101 (99 years from the commencement of the 30 year lease). No new valuation was required for this lease. Discharge provisions expired in January 2012.

Long-term strategic planning is driven by both LDA and EPD for future greenfield development. There is no formal strategy or framework to provide guidance in this early planning stage. This site contributes to LDA's strategic long-term intent to develop greenfield regions adjacent to existing urban fringe regions. With Molonglo well advanced to the north and the Gungahlin region reaching greenfield capacity, the Stromlo region for which has mainly rural blocks provides an opportunity for targeted future Greenfield release.

2.2 Issues

Opportunities to purchase Greenfield land in strategic locations are limited. The landowner of Block 19 Stromlo has approached the LDA for a direct sale. As the purchase price of this block is between \$5 million and \$20 million, a business case is required to be provided to ACT Treasury.

2.3 Benefits

Block 19 Stromlo is in a strategically advantageous position for future development which would capture the uplift in value for the land before rezoning from rural to residential purposes. An estimated [redacted] single block dwellings could be delivered for this one site. The Territory would target the future acquisition of [redacted]

3. Purchase Cost & Return to LDA

3.1 Purchase Cost

LDA has previously sought land valuations by Colliers International and Knight Frank to assist in negotiating a fair market value. The valuations assumed that land improvements are approved, the site is free of contaminates, site is free of communicable stock disease, discharge amounts given the expiry would not be applicable to the LDA, Future Urban Overlay would be achieved, and that the market has no material change. The valuations ranged from \$5.6 million to

After negotiations concluded the total purchase cost for this land acquisition is \$7,000,000. The property would be purchased as a going concern and GST does not apply to the arrangements under the sales contract. Given the future intent to develop residential land in this location in the medium term this represents a fair market value and reasonable purchase price for the Territory.

3.2 Land Return

The strategy approved by the LDA Board for this property purchase provides flexibility for future use. The intent is to pursue the acquisition of this block [redacted]

[redacted] The stand alone financial evaluation summary for Block 19 Stromlo is as follows:

Block 19 Stromlo

Size:	290.3ha
Developable Area:	170ha (59%)
Dwellings:	[redacted]
Raw Rural Land Value:	\$7M (PV)*
Raw Residential Land Value:	[redacted]
Total Uplift in value:	[redacted]
Total Expenditure:	[redacted]
Gross Realisation (revenue):	[redacted]
Potential Profit:	[redacted]

Attachment A – Block 19 Stromlo NPV Assessment provides greater details of the financial assessment.

*Assumptions and notes:

- medium sized dwellings at approx. [REDACTED]
- raw residential land value calculated at [REDACTED]
- estate works cost applied at [REDACTED]
- capital upgrades estimates lead-in roads and service upgrades for standalone development.
- land sales at an average of [REDACTED] per medium sized block.
- development coverage applied at approx. 60% of total area.

The intermediate arrangements of Block 19 would be to continue its current use of rural lease and horse agistment activities with rent paid to the Territory. The LDA, through ACT Property Group would manage the property by issuing a license to meet any landholder responsibilities such as weed control. The commercial terms of the license would be negotiated with assistance from ACT Property Group.

By acquiring this block now, the Territory is able to capture the uplift in land value before zoning is altered from rural to residential, as well as open the door to greater development opportunities with the surrounding blocks.

3.3 Development Risks

Should the Territory be unable to enter into a joint venture or gain further acquisitions in the immediate region, the capital cost of infrastructure upgrades and lead-in requirements would not be shared and be restricted to the development of Block 19. While this would reduce the net profit, we do not expect it would render the proposal non-viable.

New service lines to the development would be required. This is an expected cost for greenfield development and is not envisaged to be a high risk of serviceability given the proximity to major service lines on Tuggeranong Parkway and Hindmarsh Drive.

3.4 Future Supply

Block 19 presents the opportunity to hold greenfield land available for development when the existing greenfield areas are exhausted. Currently the Gungahlin region is scheduled to be completed by 2020-25 putting pressure on demand for greenfield development. West Belconnen will offer land release until 2040-50 in stages and remains the primary source of greenfield development planned past 2025 at this stage. The acquisition of Block 19 provides the opportunity to supply land beyond 2025.

4. Strategic Development Opportunities

The region where Block 19 Stromlo is located provides a unique opportunity to supply greenfield land in the next 10-15 years for the Territory

[REDACTED] In addition Blocks [REDACTED] and 491, currently privately owned, could also be pursued for acquisition over this period by the LDA. Figure 2 above details the location and proximity to Block 19. The following table provides possible scenarios if the wider precinct was developed:



146.2.3 Land Acquisitions Stromlo Block 491

Purpose

To seek consideration of a strategic acquisition of Block 491 in the District of Stromlo and [redacted]

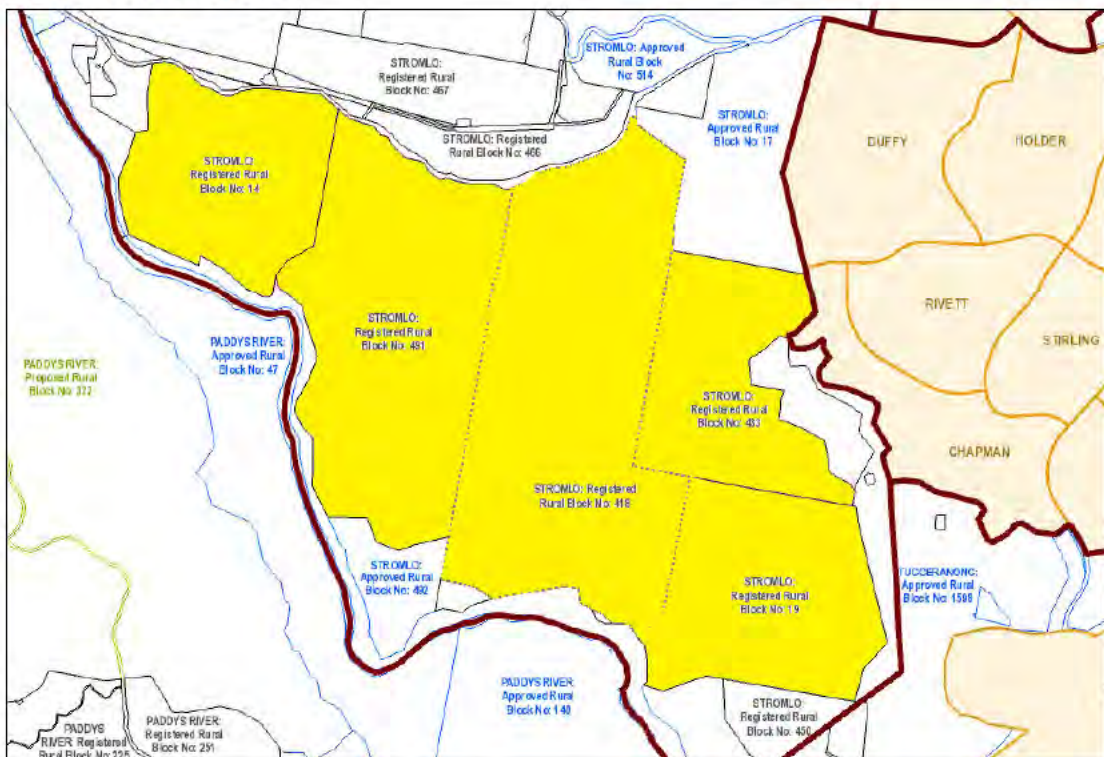
Stromlo Block 491

Background

In December 2014 the Board considered a strategic acquisition strategy for future developable land in the District of Stromlo (Board Paper 138.3.4 Stromlo Strategic Acquisitions).

The resolution of the Board was for the LDA to proceed with the acquisition of Block 19 Stromlo and to initiate discussion with the owners of the adjoining sites, Blocks [redacted] and 491, with a view to the possible strategic acquisition at a later date. The strategy forming the basis for the acquisition of land in Stromlo followed earlier consideration of the issue of long-term greenfield land supply in the ACT.

Figure 1: Stromlo Area



The December 2014 Stromlo Strategic Acquisitions paper provided estimated land values from Colliers International for the three properties identified as possible acquisitions:

- Block 19 Stromlo (Acquisition Completed) for \$7.5 million (\$25.8K/ha);
- Block [redacted] Stromlo for [redacted];
- Block 491 Stromlo for [redacted];

Issues

Following the recent successful purchase of Block 19 the owner of Block 491 [REDACTED] [REDACTED] has contacted the LDA offering for sale approximately 320 ha of the 470 ha that make up the Fairvale property, refer to plan at Attachment A.

Recently LDA's CEO visited the site to discuss the purchase by the Territory prior to [REDACTED] going to the market. The CEO indicated an intention to pursue the purchase, subject to the size and land value being confirmed.

Colliers International has provided advice as to the value for the 320 ha of land at \$3.1 million, refer to letter at Attachment B.

[REDACTED] has indicated a willingness to sell the part property immediately. The part sale of the property by the owner would leave approximately 150 ha surrounding the existing homestead on the western side of the current Block, which is understood to be the subject of a separate sale to another private interest.

With the acquisition of this significant portion of block 491 the LDA will have secured a 45% of the land identified in the December 2014 strategy to acquire land in the District of Stromlo. At some point in the future there may be opportunity to acquire the residual 150 ha of block 491 however a significant portion of this land would likely be retained as asset protection buffer and the curtilage surrounding the homestead, noting a heritage assessment has yet to be considered at this stage.

The owner of [REDACTED] has been approached by Colliers International and has shown some interest in holding further discussions.

Land Management

The ongoing management of the 320 ha of land would take the form of a short term licence to [REDACTED] whilst the winding up of [REDACTED] current business takes place. Longer term, as is the case with Huntly, the land can be considered in isolation or as part of greater expression of interest to run agricultural activities on the LDA's rural land holdings. This would allow the operation of the farm land to continue until such time as the land in part or as a whole is required for urban development.

Valuation

The property valuation advice provided by Colliers International took into account an agreed value for the whole of Block 491 and improvements and analysed recent sales evidence from comparable properties within the adjacent local area of the ACT.

The valuation received for the 320 ha parcel used a value based on two categories of land within the parcel, i.e land located outside and inside the river corridor reserve. [REDACTED]

[REDACTED]
[REDACTED]
[REDACTED]







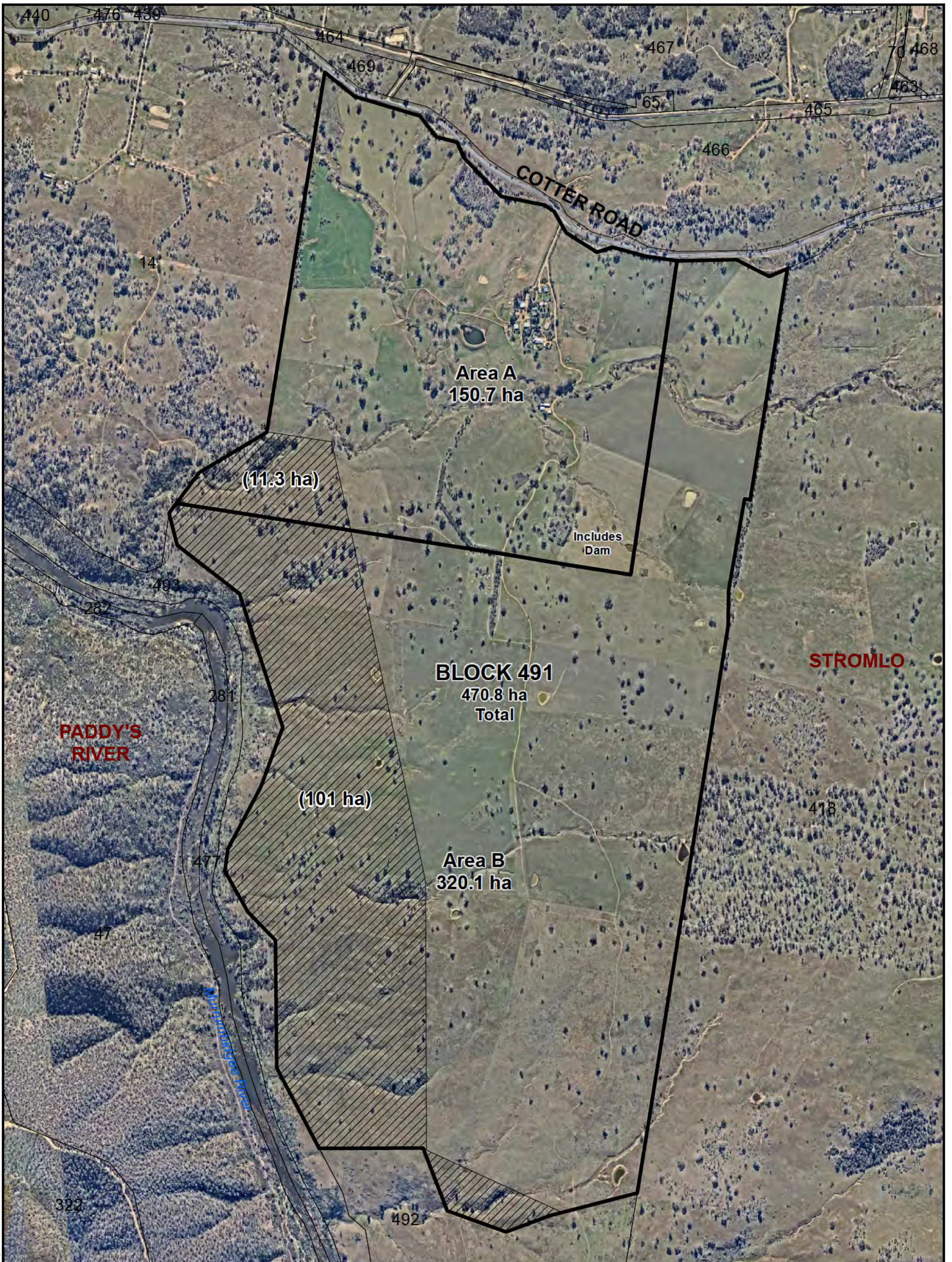
Recomendation

That the Board

1. Agree to pursue the purchase of Block 491 Stromlo as a strategic land acquisition;
and



Tom Gordon
Acting Executive Director, Land Development
17 September 2015



SCALE

0 100 200 400 600 800 Meters

DIRECTORATE/DEPARTMENT

PROJECT
SOUTH STROMLO

DRAWING TITLE
**BLOCK 491
OPTIONS**

PROJECT NUMBER: P01072



14 September 2015

The Executive Director
Land Development Agency
Level 7, Transact House
470 Northbourne Avenue
DICKSON ACT 2602

Attention: Tom Gordon
John Mason

Dear Gents,

Acquisition of Block 491, Stromlo ACT

We refer to your instructions to provide updated valuation and consultancy in respect to the apportionment of the purchase price of Block 491 Stromlo, ACT based on the surrender and grant of two (2) separate Crown Leases.



A purchase of Block 491, Stromlo has been agreed at \$4,950,000 for the 470.80 hectares plus \$500,000 for the improvements on the land in Area A of the site.

The agreed land areas for the new Crown Leases that will be issued following the surrender of the existing Crown Lease are summarised below.

Portion A – Crown Lease 1 (includes improvements)	150.70 hectares
Portion B – Crown Lease 2	320.10 hectares

In providing an assessment of value of the two (2) new Crown Leases we have used the Direct Comparison method of valuation and analysed sales of other similar located parcels in the ACT rural areas. This analysis allows us to adopt a rate per hectare for the varying types of land on the sites and derive a value of the subdivided Crown Leases.

The following are a sample of the sales considered.

- 
A 290.30 hectare parcel of land that is utilised for cattle grazing and has modest improvements. The majority of the site is not impacted by the river corridor and adjoins Lot 433 on its northern boundary.
- 
A 243.60 hectare parcel with significant improvements that is utilised for horse agistment and equestrian centre. The existing business operation is yielding revenue in the order of \$450,000 per annum.

- 

A 277.1 hectare parcel rural land zoned future urban with significant improvements and bordering the Molonglo development front.

Valuation Assessment

Based on our knowledge of the market and previous work undertaken for the Land Development Agency on land in this location, we provide the following assessment of market value for the two (2) proposed new Crown Leases.

We note that this assessment is conditional on the following factors:

- The current owner will surrender Area B under Section 299 of the Planning and Development Act to the ACT Government at the same time as entering into a Contract for Sale of Area A.
- The purchaser of Area B which is the ACT Government, will be responsible for the costs to survey the land and construct the boundary fencing.
- Two (2) new Crown Leases will be issued for 99 years on the same terms of the existing Crown Lease with no discharge provisions to apply.

Area A – Crown Lease 1

Category 1 Land	139.4 hectares x \$13,100 per hectare	\$	1,826,140
Category 2 Land	11.3 hectares x \$ 2,250 per hectare	\$	25,425
Subtotal		\$	1,851,565
		As	\$ 1,850,000
Value of Existing Improvements		\$	500,000
Total Value of Area A with Improvements		\$	2,350,000

Area B – Crown Lease 2

Category 1 Land	219.0 hectares x \$13,100 per hectare	\$	2,868,900
Category 2 Land	101.0 hectares x \$ 2,250 per hectare	\$	227,250
		\$	3,096,150
Total Value of B with Improvements		As	\$ 3,100,000

We hope that is advice assists in finalising the matter for the proposed acquisition.



Certified Practising Valuer





ACT
Government

Land Acquisition

Business Case

Project Name:	Acquisition of Rural property know as Huntly
Project Value:	\$10 M for purchase price.
Risk Assessment (high/med/low):	Low
Proposed Delivery Model:	Future Residential Subdivision
Requesting Directorate:	Treasury Directorate
Requesting Minister:	Andrew Barr

Contact Officers

Contact Officer, Requesting Directorate:

Dave Richardson

Reviewing Officer, Treasury:

Sign Offs

Tom Gordon

Acting Executive Director, Land Development Agency:

AH for Tom Gordon.

29.9.15

Anita Hargreaves

CFO, Land Development Agency:

29.9.15

David Dawes

CEO, Land Development Agency

1/10/15.

- cleared by Ben Porton 30/9/2015 (by e-mail)

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1. Purchase Outline

1.1 Property Overview

Huntly consists of the three ACT rural leasehold properties highlighted in yellow in **Attachment 1** and held as one single entity. **Figure 1** below shows the location of Huntly to surrounding blocks.

The title descriptions are:

- Blocks 412 and 413 District of Stromlo – Deposited Plan No. 7054
- Blocks 426 and 489 District of Stromlo – Deposited Plan No. 8399 and 9769
- Block 487 District of Stromlo – Deposited Plan 9770

The LDA was approached by the current owner to see if the LDA was interested in purchasing the property. The property consists of approximately 1,605ha located just to the west of Denman Prospect in Molonglo Stage 2 and the Molonglo and Murrumbidgee Rivers on the other two sides.

The LDA undertook a market valuation of the property with the valuer (Knight Frank) determining a current rural value of \$10m excluding GST. The owner indicated an interest to sell at a price consistent with the valuation.

Huntly is currently being operated as a commercial farming operation. The current Huntly business has been operating at a loss for the period 2011 to the present time. It should be noted that the owners have various segments to its consolidated operations including a significant wholesale nursery business in NSW and Victoria and the farming operation results may be influenced by allocation of overheads or other commercial considerations.

The LDA will sublet the operations of the property until land development activity commences.

1.2 Land Acquisition Policy Framework

The *Planning and Development (Land Acquisition Policy Framework) Direction 2014 (No 1)* ('the framework') came into effect on 20 June 2014 allowing the LDA to undertake strategic land acquisitions in accordance with the framework. The acquisition of this property falls within this framework.

The framework provides for a land acquisition limit of \$20 million (per financial year) after which Government agreement is required for each purchase.

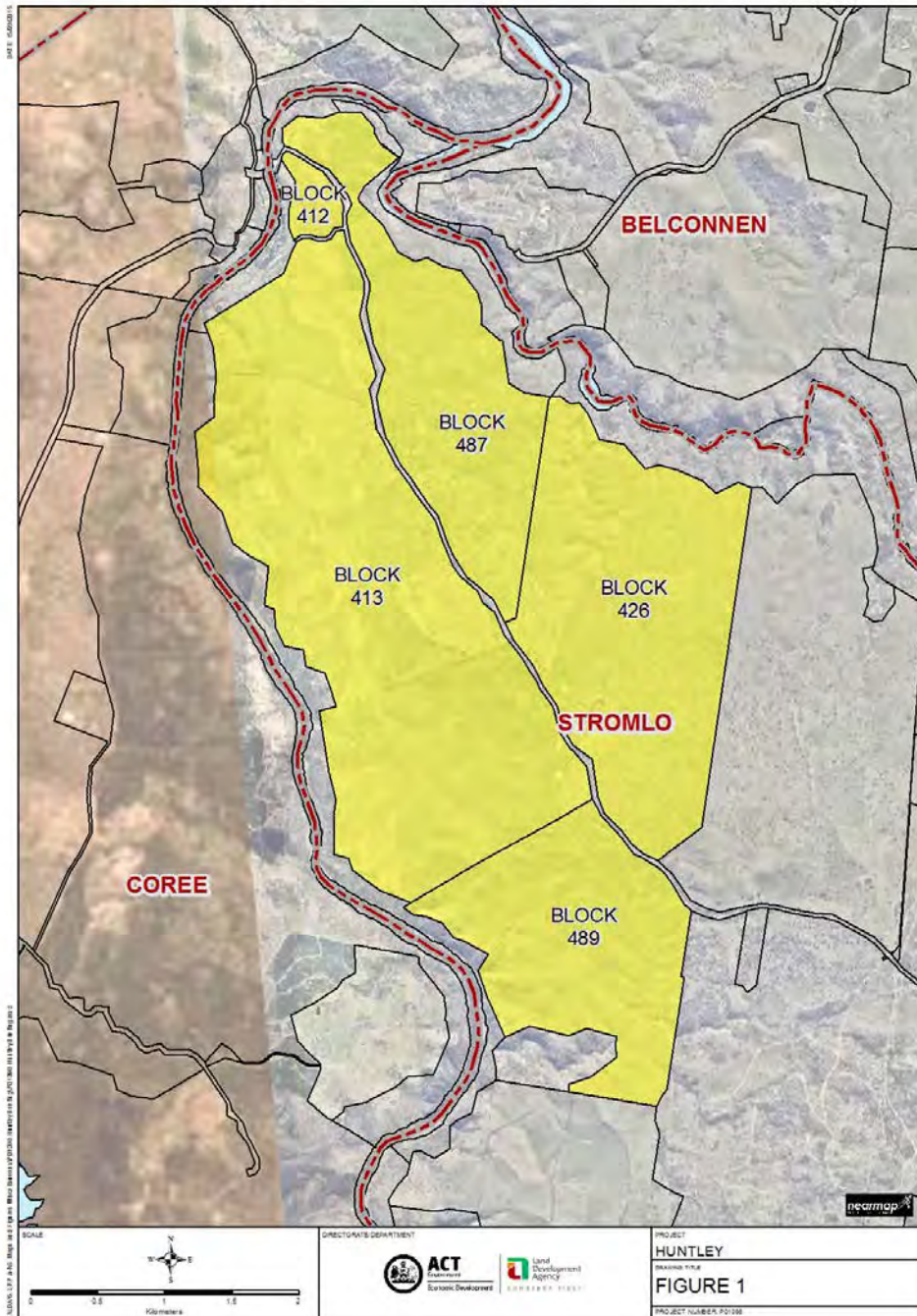
Any land acquisitions:

- below \$5 million require agreement by the LDA Board with advice to the relevant Minister;

- between \$5 million and \$20 million requires agreement by the Chief Minister and Treasurer with a business case provided to ACT Treasury; and
- over \$20 million, agreement by Government.

Note that this acquisition falls within clause 2.2.1 b. of the Framework and requires agreement by the Chief Minister and the Treasurer. LDA is to provide a business case to ACT Treasury for all such proposals.

Figure 1 – Huntly Location



This business case is to address the requirements of the framework by providing the acquisition details to ACT Treasury for this land acquisition.

1.3 LDA Board Approval

In June 2015, the LDA Board approved entering negotiations for the possible acquisition of Huntly up to a limit \$10.75m plus GST.

Since that meeting the LDA has conducted a review of farm operations and the financials of the property with the agreement of the current lessee as well as preparing the business case prior to discussion with Treasury to seek its support in accordance with the Land Development Agency – Land Acquisition Policy Framework.

Subject to agreement by the Chief Minister and Treasurer, the LDA Board will consider acquisition of the Huntly property.

Attachments 1 and 2 illustrate the proposed land acquisition and the Strategic Direction Map from the *Canberra Spatial Plan (2004)*. The inset in Attachment 2 shows the location of the Eastern Precinct (Molonglo Stages 1, 2 and 3 as well as the Central precinct).

2. Needs Analysis

The purchase of this property by the LDA is to provide security for future Greenfield land, unlock the potential for future acquisition of adjacent properties and respond to future growth requirements are discussed in 2.1 below.

This approach is predicated on the existing rural overlay for Huntly, the fact that a number of the blocks in this area are adjacent to existing urban infrastructure, and advice that the lessee is a willing seller after first approaching the LDA.

The purchase of Huntly will add to the blocks north of the Molonglo River that have already been purchased by the LDA as a strategic acquisition in the Central Precinct to create a greater developable area.

2.1 Suitability

The *Canberra Plan* published in 2008 highlighted significant increases in population, the growth of the economy, gross household income, a small increase in the labour market and increases in housing numbers. This highlights growth in the economy and an increase in housing demand. While the resultant Structure Plan that developed from these earlier considerations, it concentrated development focus in the Eastern Precinct, the key principles of the Canberra Spatial Plan would equally apply to cover the Huntly property.

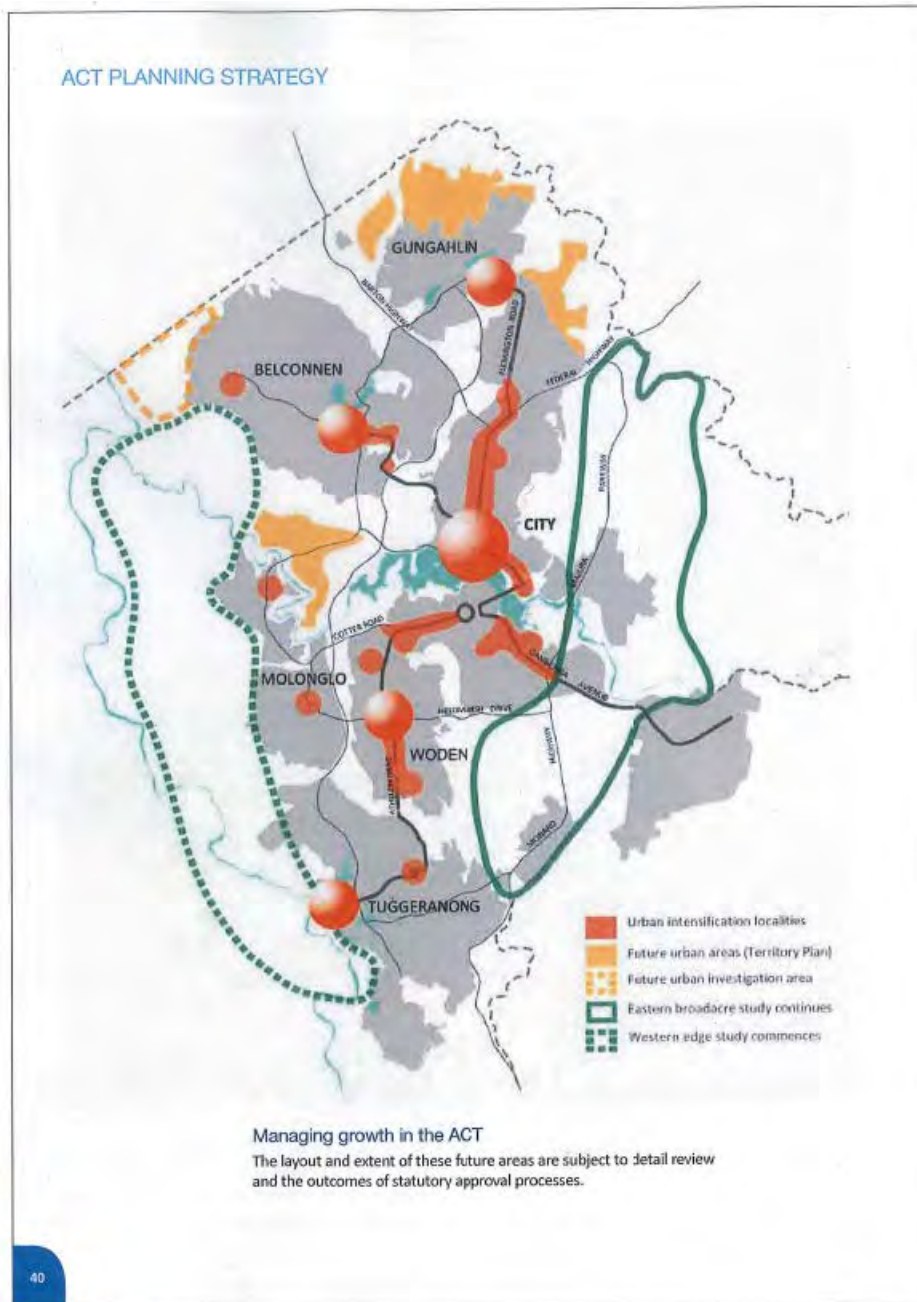
The key principles are:

- Containing growth
- Residential intensification
- Centralising new residential areas
- Locating employment

- Protecting biodiversity
- Good travel connections
- Sustainable growth of the region.

In the *ACT Planning Strategy – Planning for a Sustainable City (2012)* there is a clear indication of where the main areas of growth should be located. **Figure 2** from the Strategy indicates those areas where investigations should focus between 2012 and towards the end of the Strategy.

Figure 2 – ACT Planning Strategy



The areas identified include the remainder of Gungahlin (now well advanced), Molonglo Stage 3 (in the Land Release Program for first release in 2018-2019), West Belconnen (planning well advanced), the Eastern Broadacre Area (EPBC Strategic Assessment in process), and the Western Edge Study extending from the southern edge of Belconnen down the western side of Molonglo and Tuggeranong. This latter area includes the Central Precinct of Molonglo as well as the property of Huntly. The southern part of the Western Edge Study includes West Murrumbidgee which was the subject of detailed planning in the mid seventies by the former National Capital Development Commission (NCDC).

Huntly also correlates well to other land purchases in the same area by the LDA. Lands End in Central Precinct of Molonglo and Block 19 Stromlo to the west of Weston Creek also fall in the Western Edge Study area identified in the ACT Planning Strategy. Further properties in this area are likely to become available over the next 5 or 10 years which provides Government with development opportunities that until now have not been considered.

As the Planning Strategy points out, short and longer term actions are critical to achieving current policy or to initiating more substantial, long lasting change opportunities.



The potential purchase of Huntly is considered a significant strategic acquisition in securing land ahead of time in and adjacent to the other already identified precincts in Molonglo. In the meantime the property would be maintained as a commercial operation until a variation to the Territory Plan was supported for future urban development.

2.2 Demand and Supply

A detailed analysis of Demand and Supply is included at **Attachment 3**.

In summary, the purchase of Huntly is to add to available land supply for the period 2025/2030 to 2055/2060.

The analysis of demand and supply indicates that at 2030:-

- Gungahlin supply is expected to be completed (by 2028);-
- West Belconnen (ACT) is likely to be 50% released by 2030, leaving 2,500 to 3,000 detached housing sites available, most of which are expected to be developed after the NSW component of West Belconnen is developed. The NSW component will offer in the order of 3,500 to 4,500 detached housing sites (400 per year until 2045);
- Molonglo 3 is expected to have approximately 2,000 detached housing sites remaining at 2030 (400 per year until 2035);
- Ginninderra (CSIRO site) assuming the development proceeds will likely have approximately 3,500 detached housing sites remaining – (400 per year until 2039); and
- Developments in surrounding NSW, such as Tralee/Googong (or similar areas) will continue to provide supply to the region.

The development of Huntly and other strategic purchases West of Molonglo 3 will provide

- Supply of approximately 400 detached housing sites per year until 2060;
- Be an addition, although likely a lower priced product, to Molonglo 3; and
- Provide a continuation of third development front within the ACT – in addition to West Belconnen (low priced supply) and Ginninderra (premium priced).

Overall supply from 2030 is likely to be provided by:-

- West Belconnen – estimated 400 detached housing sites per year;
- Molonglo 3 – estimated 400 detached housing sites per year for 5 years;
- Ginninderra – estimated 400 detached housing sites per year; and
- Huntly (Stromlo) – estimated 400 detached housing sites per year,

This totals approximately 1,600 detached housing sites per year.

2.3 Issues

Opportunities to purchase Greenfield land in strategic locations are limited. The landowner of Huntly has approached the LDA. Following negotiations the current landowner has indicated that they will accept an offer of \$10m plus GST for the property.

As the purchase price of this block is between \$5 million and \$20 million, a business case is required to be provided to ACT Treasury.

2.4 Benefits

Huntly is in a strategically advantageous position for future development which would capture the uplift in value for the land rezoning from rural to residential purposes. An estimated [REDACTED] dwellings could be delivered on this property based on an assumption of 60% developable area.

Initial assessments have confirmed the potential of Huntly to deliver the benefits outlined above and subsequent more detailed capability assessments will be commenced at an appropriate time once the acquisition has been agreed.

In the future the Territory will continue to target the acquisition of potential urban land on privately owned land holdings as well as explore other options for development with neighbouring land holders.

3. Purchase Cost and Return to LDA

3.1 Purchase Cost

LDA sought land valuation from Knight Frank to assist in negotiating a fair market value. Knight Frank valued the site at \$10 million excluding GST. After negotiations the seller and the LDA have agreed that if the LDA receives the appropriate approvals from the LDA Board and from Government the price will be \$10 million plus GST if applicable.

It is proposed that the property would be purchased as an ongoing concern and GST does not apply to the arrangements under the sales contract. Given the future intent to develop residential land in this location in the medium term the purchase price represents fair market value.

3.2 Estimated Land Return

The strategy approved by the LDA Board for this property purchase provides flexibility for future use. The stand alone financial evaluation for Huntly property at Stromlo is shown below in the summary table.

Summary - Estimated Financial Outcomes

		Lower Value 2015 dollars	Higher Value 2015 dollars	Assumption
Size	1,605 hectares			
Developable Area	963 Hectares			60% of site area
Dwellings/Blocks				of developable land
Rural Land Value	\$10 million			Purchase Price
Englobo Value				Assumes Territory delivered Capital Works
Capital works (Est)				
Residential Value				
Estate works and other costs				
NPV commence 2025				
NPV commence - 2030				

By acquiring this block now, the Territory is able to capture the uplift in land value before rezoning from rural to residential, estimated at (being Englobo value less capital Works), as well as open the door to greater development opportunities with the surrounding blocks.

A summary in current dollars escalated at 2.5% per annum is included at **Attachment 4**.

4. Strategic Development Opportunities

Huntly is three kilometres from the western edge of Denman Prospect in Molonglo Stage 2. However, if the current rural Block 428 (in Government custodianship) which adjoins Huntly on the north side of Uriarra Road is taken into account, Denman prospect is only 1.4 kilometres to the east.

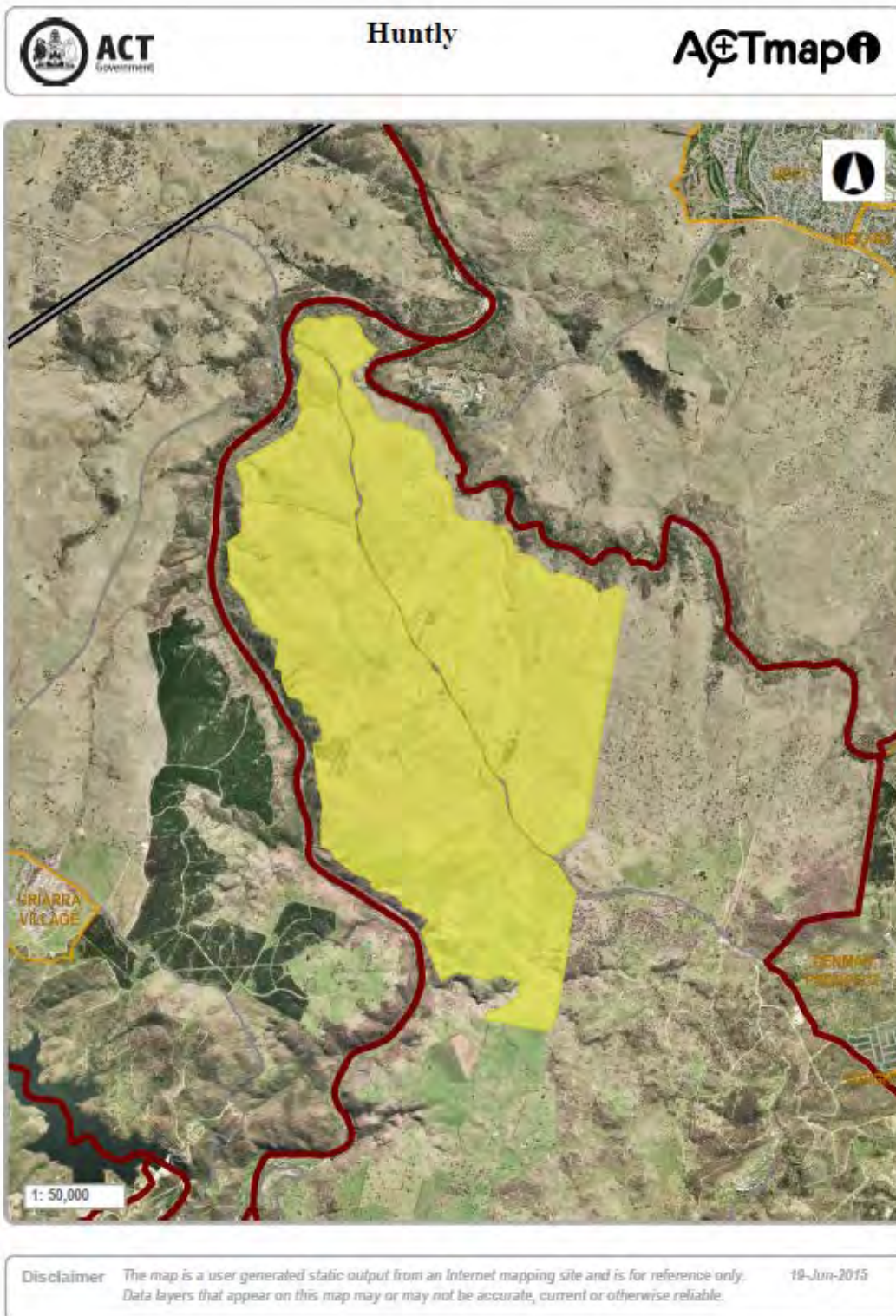
5. Timeline

The expected timeframe for commencing the development of this property regardless of approach or scale with surrounding land owners is in the order of 10 to 15 years (2025 -2030). The development period, depending on demand and other development fronts is in the order of 25 years.

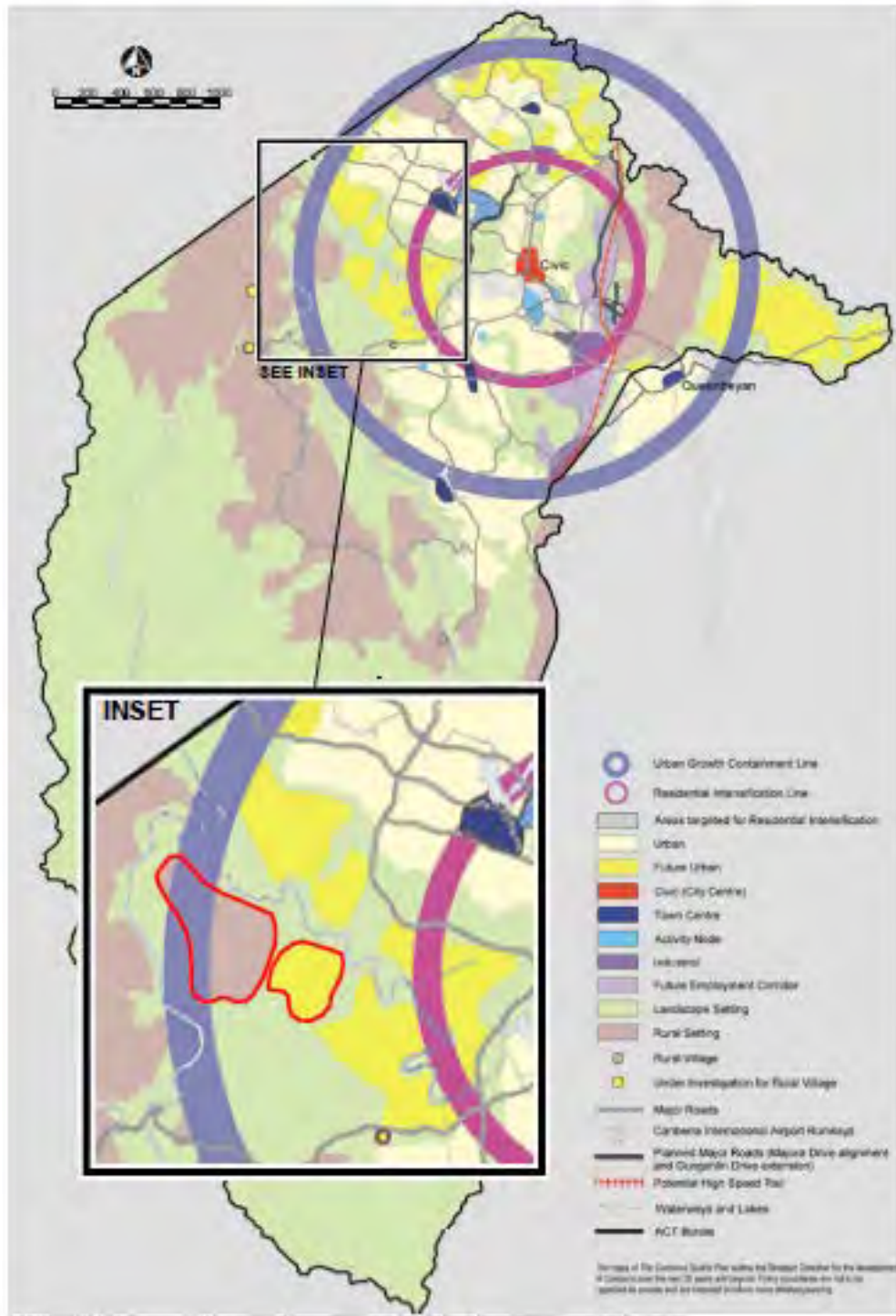
6. Recommendation

It is recommended that ACT Treasury support the LDA proceeding with the purchase of Huntly in accordance with the *Planning and Development (Land Acquisition Policy Framework) Direction 2014 (No 1)*.

Attachment 1 – Proposed Land Acquisition



Attachment 2 – The Canberra Spatial Plan (2004) – Strategic Direction Map



Attachment 3 – Demand and Supply Assumptions

Drivers of Demand

Recently, the Territory population growth rate has eased to an average rate of 1.2%. This easing is considered a temporary lull and growth will return in line with current projections, which assume an average rate of 1.5% for the next 10 years, before progressively easing to 1.1% by 2041.

A mid-range growth estimate of 1.5% is adopted for future land supply and land release planning purposes to buffer unanticipated upswings in demand. It is easier to delay the release of sites to the market than accelerate land development to meet a sudden increase in demand, which may result from changes in broader economic conditions and stimulate demand beyond what could typically be expected based only on population growth. According to Economic Development’s Housing Demand Model, a population growth rate of 1.5% will generate an annual demand for 2,800 dwelling sites while a 1.2% growth rate generates annual demand for approximately 2,000 dwelling sites.

The *ACT Planning Strategy (2012)* indicates a strategy of delivering 50% or more of new housing delivered through urban intensification. Assuming a population growth rate of 1.5% this equating currently to an annual demand of 1,400 greenfield dwelling sites.

The 4-year average over the current indicative land release program indicates an average annual release of 1,691 greenfield dwelling sites which constitutes 40% of dwelling sites delivered through greenfield estates. (Table1)

Table 1 Proportion of greenfield dwelling releases

Year	Greenfield Dwelling Sites Released	% of Dwelling sites Released
2013-14	930	39%
2014-15	1500	40%
2015-16	1650	46%
2016-17	1900	51%
2017-18	1100	24%
2018-19	2114	39%
4 year average	1691	40%

The proportion of greenfield dwelling sites proposed for release in 2017-18 is particularly low due to the significant contribution to overall number of (infill) dwelling sites from the disposal of government property assets as part of the Australian Government's asset Recycling Initiative. The indicative ARI disposal program could subject to change.

Available Supply

Housing supply in the immediate ACT-NSW region has also increased with demand in Queanbeyan being met with releases in Googong and Tralee.

Googong is a 20-25 year project yielding 5,550 dwellings with an annual release target of 270 dwellings. Initial land releases commenced in February 2012, construction commenced August 2013, and occupations February 2014.

Tralee is a 6-year project yielding 1,221 dwellings over 4 stages. Initial releases commenced in January 2014 with construction commencing November 2016-17. Strategically the, 25-year Sydney to Canberra Regional Strategy aims to provide up to 25,200 new homes for 46, 350 additional people expected to living in the region by 2031, including a minimum of 2,500 dwellings in Goulburn Mulwaree.

Ginninderra is a new urban area and residential estate proposed for the 701-hectare CSIRO land between Belconnen and Gungahlin. Preliminary plans indicate a 25-year project yielding at least 7,500 dwelling sites (6,500 blocks), with a proposed annual release of 300 dwellings. The land is highly developable and relatively unconstrained but will be subject to Commonwealth and Territory planning and approval processes. Optimistically, initial land releases could commence in 2018-19 and dwelling occupations from 2020.

Table 2 details available greenfield dwelling sites in the ACT (including NSW component of West Belconnen), planned but yet to be released to the market. Potential for dwelling sites in Gungahlin Town Centre are not included, and could contribute at least 1,000 dwellings to overall supply.

Table 2 Dwelling sites in greenfield estates (planned and not yet released)

Estate	Total Dwelling Sites
West Belconnen Total	11,500
ACT	6,500
NSW	5,000
Gungahlin Total*	6,600
Moncrieff	870
Taylor	2,500
Throsby	1,080
Jacka	1,153
Kenny	1,000
Molonglo Total	15,800
Denman Prospect	1,800
Molonglo	2,000
Molonglo 3	12,000
Total LDA Greenfield Dwelling Sites	<u>33,903</u>
<i>Ginninderra</i>	<i>7,500</i>
Total Greenfield Dwelling Sites	41,403

*does not include dwellings in Gungahlin Town Centre.

Assuming 33,900 planned greenfield dwelling sites remaining for urban development in LDA estates, and 50% of annual dwelling releases are in greenfield areas, Table 3 sets out the estimated years remaining for the current greenfield land supply. In summary,

- a medium growth scenario: equates to 24 years supply (2039), with an annual target of 1,400 greenfield dwelling sites from a population growth of 1.5%.

Table 3 Greenfield land supply – Years remaining

Dwelling Sites in Greenfield Estates						33,903
		as at	2015			
Scenario	Population Growth Rate	Total Dwelling Demand	Greenfield Dwelling Demand	Years Remaining	Year	
Low growth	1.2%	2,200	1,100	30.8	2046	
Medium growth	1.5%	2,800	1,400	24.2	2039	
High Growth	1.8%	3,100	1,550	21.9	2037	

Dwelling Sites in LDA Greenfield Estates						28,903
Scenario	Population Growth Rate	Total Dwelling Demand	Greenfield Dwelling Demand	Years Remaining	Year	
Low growth	1.2%	2,200	1,100	26.3	2041	
Medium growth	1.5%	2,800	1,400	20.6	2036	
High Growth	1.8%	3,100	1,550	18.6	2033.6	

Gungahlin, Molonglo & West Belconnen(ACT)

Dwelling Sites Greenfield Estates, Including Ginninderra						41,403
Scenario	Population Growth Rate	Total Dwelling Demand	Greenfield Dwelling Demand	Years Remaining	Year	
Low growth	1.2%	2,200	1,100	37.6	2052.6	
Medium growth	1.5%	2,800	1,400	29.6	2044.6	
High Growth	1.8%	3,100	1,550	26.7	2041.7	

Implications for long term land supply options

According to Economic Development's 30-year dwelling occupations forecast (by dwelling type and suburb), Gungahlin is expected to be predominantly completed by 2028 and Riverview (ACT) will be 50% released.

Molonglo 3 (north of Molonglo River) would be the only remaining greenfield area supplying detached dwelling sites, unless Ginninderra proceeds with initial releases commencing 2018-19. Molonglo 3 may have 2,000 detached house sites remaining and Ginninderra an additional 3,500 detached house sites remaining. Supply from Riverview (NSW) may not have come online by this stage, offering a further 3,500 to 4,500 detached house sites.

Housing choice would be limited with Riverview supplying more affordable housing on the urban edge, while the later stages of Molonglo supplying a premium product given its 6km proximity to the City. Ginninderra's accessibility, via Barton Highway to the Northbourne corridor, may also deliver a premium product to the market.

The risks associated with too few development fronts in relation to housing type, price and location have direct implications for housing choice and affordability.

Demand in the ACT has eased, attributed in part with the increase in housing supply in the immediate ACT-NSW region and Googong and Tralee are offering a more affordable product.

Sustained cross-border development is likely to have a corresponding impact on land sales revenue and timing of developers delivering a completed housing product to the ACT market.

Despite the focus on urban renewal, active development along the Northbourne Avenue corridor and the City, or an increase to the strategic planning target of 60% of all new dwellings delivered as urban infill (40% greenfield areas), there is an ongoing need to maintain supply of detached housing in greenfield areas.

Attachment 4 - Estimated Financial Outcome

Current \$ escalated.

	Commence 2025		Commence 2030	
	Lower \$'000	Higher \$'000	Lower \$'000	Higher \$'000
Dwellings				
Period	31 years	31 years	31 years	31 years
Revenue				
Sales				
Total Revenue				
Expenditure				
Land Purchase	10,000	10,000	10,000	10,000
Interest on land purchase @5% cumulative	7,103	7,103	11,829	11,829
Capital Works				
Interest on Capital Works				
Civil/Estate Works				
Total Expenditure				
Cumulative Cash Flow				

NOTES

1. Revenue ad costs escalated at 2.5 %.
2. NPV calculated on annual cash flow.
3. Sale rate of 400 dwelling per annum.
4. Summary provided on two commencement dates 2025 and 2030 with an assumed 31 years sales program.

165.2.2 Proposed rural land acquisition: *Pine Ridge* - Block 1600 Belconnen



Purpose

To provide the Board with an update of the acquisition process, and seek the Board's approval to acquire Pine Ridge (Block 1600 in the District of Belconnen).

Background

Pine Ridge is a rural property covering a total of 164.2 hectares (ha) of land adjacent to the suburbs of Holt and Higgins and is located along Stockdill Drive. The current lessee was granted a 99 year lease on Block 1600 District of Belconnen on 21 March 2006 and has approached the LDA with an unsolicited offer to acquire the property outlined in [Attachment A](#).

Land Acquisition Policy Principles – discussion

Intended Outcomes

Pine Ridge is adjacent to other already identified precincts in the Central Molonglo area. *Pine Ridge* is strategically located between the LDA's property of *Lands End* to the east and the new development front of *Ginninderry* at West Belconnen. Acquiring this property would provide the opportunity for connections between these two areas, closing the "gap" between the Molonglo Valley and West Belconnen.

An initial assessment indicates that a third of the property could be required for parks, open space and other urban associated uses, resulting in approximately 98ha of land being available for possible future development. The majority of the property (95 per cent) comprises land with a slope of less than 20 per cent which is optimal for urban development ([Attachment E](#)). The land is modified from past agricultural use so is unlikely to have significant environmental value although ecological assessments will be commenced at the appropriate time. Core ecological connections from the Murrumbidgee River and Kama could be incorporated into future development if required.

Based on the initial assessment, the property could be expected to yield approximately [REDACTED] residential dwellings with associated revenue from land sales in the order of [REDACTED] (in today's dollars). If the property were acquired, it could be maintained as an ongoing commercial farming property until there is a need by future Governments to consider utilising the land for future growth of the city and/or parks, open space and other urban associated uses.

Policy Alignment

ACT Government

The *Canberra Spatial Plan (2004)* – Strategic Direction Map (see Figure 2) shows the location of *Pine Ridge* which falls in the future Urban Area land use between West Belconnen and Molonglo Stage 3. This was reaffirmed in the *ACT Planning Strategy* in 2012.

While *Pine Ridge* is within the limits identified as the Urban Growth Containment Line in the Spatial Plan, this does not immediately guarantee the potential of residential land use without further detailed capability and needs assessment and statutory changes. In addition to the urban residential capability, the land allows for uses compatible with the existing land use that may be urban orientated, such as some forms of community facilities, including district playing fields, urban related forms of rural use such as horse agistment paddocks or limited agricultural production, as well as possible conservation in appropriate locations such as offset area(s). It also allows for the location of infrastructure that may support the adjacent zoned urban land in West Belconnen.

Acquisition of this land at this time ensures the price paid is representative of the **current rural value** not speculative of any future development potential. If future development of the area were not to occur the land can be sold at market value. This supports the strategic approach taken to acquire development capable lands adjacent to the existing western urban edge of Canberra.

Land Value Threshold - Acquisition Policy Framework

The acquisition requires assessment under the *Planning and Development (Land Acquisition Policy Framework) Direction 2014 (No 1)* (the Framework) which establishes a process for the LDA to acquire the land.

The LDA has received a valuation of the property which provides a valuation range of between \$3.9 million to \$4.7 million (GST excl). This places the value below the \$5 million threshold of the Framework. Based on this value, the framework stipulates that the acquisition requires Board approval, with advice to the Minister responsible for administering Chapter 4 of the *Planning and Development Act 1997*.

Negotiations are yet to be finalised with the owner who is waiting on independent valuation advice before agreeing to terms.

Consideration of this proposal against the thresholds set out in the Framework is discussed in more detail later in this brief.

Value for money

Preliminary estimates see the property having a potential yield of approximately [redacted] residential dwellings with associated revenue from land sales in the order of [redacted] based on [redacted] per dwelling in today's dollars (see further analysis at 4.2 below). The property represents a significant parcel of land in an area that the LDA has already acquired land. The LDA is currently finalising the acquisition of Block 1582 (The Vines) and had previously acquired Blocks 1591 to 1597 (Lands End) in this location. The acquisition would therefore form part of an agglomeration of land for future development. The proposed acquisition should significantly add value to Government within the District of Belconnen, thus allowing future Governments flexibility in making decisions about the growth of Canberra in the decades to come.

Preliminary Land Valuation

The LDA engaged Knight Frank to undertake an independent valuation assessment of Pine Ridge as a rural property operating within the Hills, Ridges and Buffers land use policies of both the Territory Plan and the National Capital Plan to assist in negotiating a fair market value with the current owner. Knight Frank provided a valuation range of between \$3.9 million to \$4.7 million and valued the site at \$4.3 million exclusive of GST using a direct comparison approach. The owner has commissioned a separate valuation which is unavailable at this time, although an update on its status will be provided at the board meeting in May.

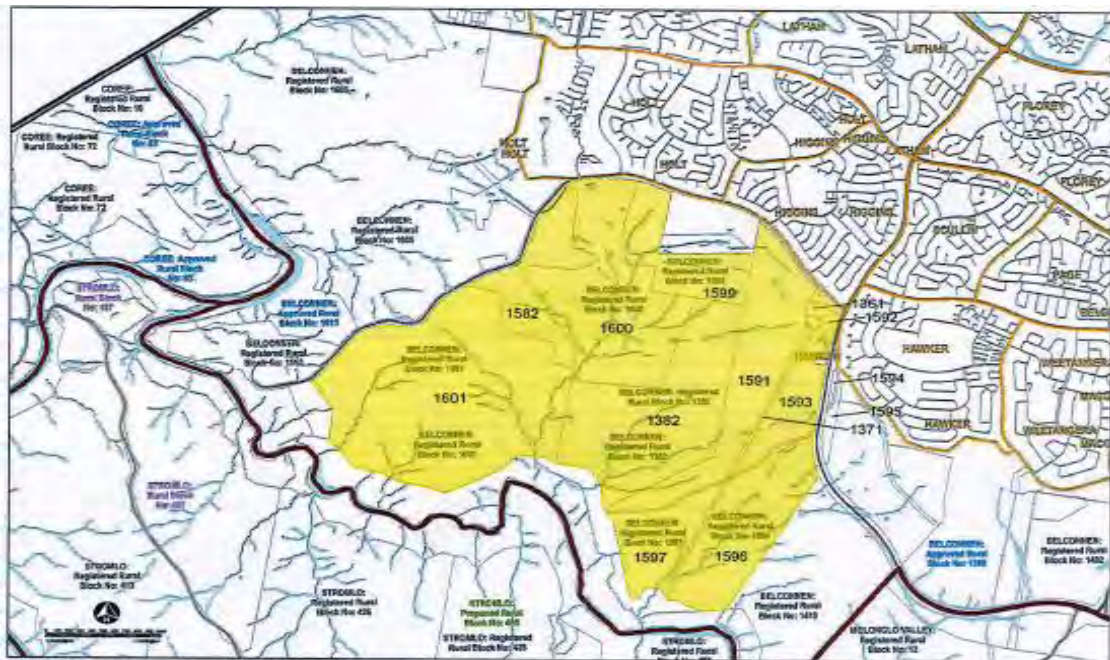


Figure 1

The property is situated in a prime location within 10km of the CBD so is expected to be sought after if brought to the open market.

SENSITIVE

It is intended that the purchase would be exclusive of stock, plant and equipment not fixed to the site.

If approved, the property would be purchased as an ongoing concern and GST does not apply to the arrangements under the sales contract.

Financial

The majority of the property (approx. 95% of the land) in Pine Ridge is less than 20% slope which is optimal for urban development. The land is modified from past agricultural use although investigations on ACTMAPi have shown some environmental values.

Set out below is an estimated financial summary based on commencing land development in 2030.

	Commence 2030 (In 2017 \$'s)		Commence 2030 escalated at 2.5% p.a.	
	Lower \$'000	Higher \$'000	Lower \$'000	Higher \$'000
Revenue per Dwelling				
Estate Cost per Dwelling	75	90	75	90
Dwellings				
Period	4 years	4 years	4 years	4 years
Revenue				
Sales				
Total Revenue				
Expenditure				
Land Purchase	5,000	5,000	5,000	5,000
Capital Works				
Civil/Estate Works				
Total Expenditure				
Cumulative Cash Flow				

Assumptions supporting the above table include:

- Size: 164ha
- Developable Area: 89ha (55%)
- Dwellings: [redacted] - Low density dwellings at approx [redacted]
- Raw Rural Land Value: cost estimated at \$5M
- Englobo Raw Residential Land Value: [redacted]

SENSITIVE

- Gross Realisation: [REDACTED] - based on sale price of [REDACTED] (lower) to [REDACTED] (higher) per dwelling
- Capital Works to support land development estimated at \$50M
- Estate works estimated at [REDACTED] -- based on cost price of [REDACTED]
- Land sales at an average of [REDACTED] per medium sized block.
- Raw residential land value calculated at [REDACTED]
- Development coverage applied at approx 60% of total area.

By acquiring this block now, the Territory is able to capture the uplift in land value before rezoning from rural to residential, as well as unlocking greater development opportunities with the surrounding blocks. *Pine Ridge* is ideally situated between *Lands End* and *Ginninderry*, thereby closing the gap between Molonglo Valley and West Belconnen.

Approximately 75 ha of the property could be identified as environmental land and therefore used as an **offset** in other LDA developments for higher order development with an indicative land value in the order of [REDACTED] in other locations. If required for future development the environmental values would be accurately assessed at the appropriate time and offsetting elsewhere could be considered.

The infrastructure proposed as part of the West Belconnen development adjacent to Stockdill Drive that effects *Pine Ridge* will in all likelihood occur irrespective of whether the LDA acquires the property. This process may introduce risks to the Territory in securing land within a timeframe that will facilitate the delivery of necessary infrastructure works. Acquiring the property now creates a commercial advantage as it allows the Territory flexibility to design a solution for these infrastructure works without the need to include consideration of a third party whose interests may not align with the Territory's thinking.

Ongoing Management

The current owner has indicated a preference to remain on the property under a licence/sublease arrangement for up to 10 years. This is similar to the considerations given to some land holders in negotiating terms for the previous acquisitions. In doing so the lessee bears all costs for all outgoings, including statutory rates and charges whilst maintaining the property, thereby minimising the costs to the Territory to manage fire abatement and other land management matters.

Should the current owner not take an option to remain on the property, the land can be put to the market to operate under the current uses or alternatively utilised for agistment under the government's sponsored horse agistment facility. Offering agistment facilities in this area provides greater opportunity to relocate existing facilities from future development areas such as Stromlo and West Belconnen

Other short term land uses would be possible on *Pine Ridge* in accordance with the list of land uses acceptable in the Hills, Ridges and Buffer Spaces land use policy of the Territory Plan.

If successful in the acquisition, the LDA would work closely with CMTEDD and Environment, Planning and Sustainable Development Directorate (EPSDD) to ensure the best possible fit for any arterial roads, adjacent land uses and playing fields, given the constraints and impacts on surrounding residential development and housing affordability.

Issues and Risk Management

An initial desktop due diligence assessment has been conducted by the Development Ready (Estates) unit of LDA on *Pine Ridge* to inform the Executive regarding the land's suitability for strategic acquisition.

The extent of the study to date has provided a good level of understanding of issues and risks associated with the acquisition of the property. Depending on the ultimate development options there will be costs associated with progressing works on the land. These costs have or would be considered in the proposed augmentation or relocation of infrastructure that affects this land.

As the land has been used for rural purposes for some time there is a high likelihood that farm chemicals have been used on site. More detailed testing is recommended where any works or public accessible areas are to be proposed. Contamination may be present, however this would not necessarily restrict development as previous experience has shown that it can be managed. On the assumption that there may be a sheep dip and or asbestos present, the estimate of costs to remediate is in the order of \$1-\$1.5 million based on previous experience. If it was necessary to remediate, these costs would not be immediate and would likely only occur as development on the site proceeded.

Land Acquisition Policy Tests

Proposed acquisitions under the *Land Acquisition Policy Framework* are to be assessed against the 9 tests set out in the Framework. The following sets out the tests and the LDA response:

Test 1: An intended outcome has been identified for the proposed acquisition site.

Response:

The intended outcome provides for the efficient provision of land for the future urban growth of Canberra, and the provision of infrastructure works for West Belconnen adjacent to Stockdill Drive, as well as possible use for environmental offsets, open space, parks and related uses. It also allows for the Government's consideration of other land use opportunities consistent with the current land use zoning in line with the Government's ACT Planning Strategy 2012.

Test 2: The intended outcome for the proposed acquisition advances the Government's land development policies as set out in the ACT Planning Strategy and any other relevant Government strategic spatial planning documents and requirements.

Response:

The intended outcome allows for the orderly planned growth of Canberra. The property is within the 15km Urban Growth containment line in "*The Canberra Spatial Plan 2004*" and the western edge study area in the "*ACT Planning Strategy 2012*".

Test 3: The intended outcome for the proposed acquisition is consistent with the *Statement of Government Policy* for the Land Development Agency.

Response:

The proposed acquisition supports the key deliverables under the *Statement of Government Policy* for 2016-17, including

- Contribute to the strategic delivery of Government policies and priorities including those related to land development, urban and public housing renewal, suburban sustainability, strategic acquisitions, the asbestos response, housing affordability and urban intensification, particularly along the Capital Metro corridor.
- Deliver an adequate and diverse supply of land for construction and developments in the Territory that meets market demand and anticipates demographic changes.

Test 4: The intended outcome for the proposed acquisition is consistent with any other relevant Government policies.

Response:

The intended outcome for the proposed acquisition is consistent with a range of Government policies, including enabling increased land supply and revenue to Government for housing and provision of community infrastructure.

Test 5: The proposed purchase price for the site is consistent with the independent market valuation.

Response:

The LDA has obtained an independent market valuation. The proposed purchase price is consistent with the independent market valuation undertaken (subject to confirmation of the lessee's valuation report which is expected to be completed before the Board meeting and the outcome reported at that time).

Test 6: If a commercial outcome is sought from the proposed acquisition site, a business case has been prepared that demonstrates that a satisfactory commercial return will be realised, taking into consideration any holding costs, redevelopment costs, and opportunity costs.

Response:

This paper provides the business case for the proposed acquisition and demonstrates that a satisfactory commercial return will be realised beyond that which could be considered if the proposed site is not acquired.

Test 7: If a non-commercial outcome is sought from the proposed acquisition site, any holding costs, redevelopment costs, and opportunity costs have been demonstrated to be reasonable and not onerous.

Response:

The proposed acquisition allows for a non-commercial outcome from the site and any ongoing management of the land, redevelopment costs, and opportunity costs based on the level of due diligence investigations undertaken to date are expected to be reasonable and not onerous. This investment allows for a greater return in the area where these facilities would otherwise be provided.

Test 8: The proposed acquisition will not expose the Territory to risks that are not able to be appropriately managed.

Response:

The proposed acquisition will not expose the Territory to risks that are not able to be appropriately managed. Acquisition will result in immediate management of the property either through a licence or lease until such time as higher order uses are identified and agreed. If the Government decides not to proceed with the potential for other development the land can be offered back to the market to recoup purchase and holding costs.

Test 9: The intended outcome for the proposed acquisition is reasonably achievable.

Response:

If the land is acquired, the Territory is in a position to make an application to allow any proposed development to occur on the land. Therefore, the intended outcome for the proposed acquisition is reasonably achievable.

Threshold

The proposed acquisition set out in this paper is in accordance with the principles of the Framework. Specifically, based on the independent valuation received, it is expected to fall within clause 2.2.1 a. below \$5 million – agreement by the LDA Board with advice to the Minister for Economic Development or the Minister responsible for administering Chapter 4 of the *Planning and Development Act 1997*.

The Land Acquisition Policy Framework also sets a requirement for Cabinet to be advised should the total acquisitions for the year exceed \$20 million. The current total expenditure (that is, **settlement expenditure**) is based on the purchase price of properties and easement rights. In 2016-17, to date, \$4 million has been paid for the *Wintergarden* property. In addition to *Wintergarden* the acquisition of land and easement rights at West Belconnen will occur likely in May 2017 at a cost of \$4,003,176. There is also the likelihood of settling the purchase of the *Winslade* property prior to 30 June 2017 at a value of \$7.5 million.

Therefore the total committed settlement expenditure is \$15,503,176 for financial year 2016-17.

If an acquisition is approved by the Board, the owner has indicated a willingness to settle early in the 2017-18 financial year.

Recommendations:

That the LDA Board:

1. Notes the intended outcomes, and supporting reasoning, for purchase of Pine Ridge.
2. Notes that the proposed acquisition has been formally assessed against the *Land Acquisition Policy Framework*.
3. Notes that the valuation of the site is in the order of \$4.3 million excluding GST, and that negotiations on the purchase price will take account of the current owner's own independent valuation advice.
4. Notes that the LDA has complied with part 6 of the Land Acquisition Policy Framework LDA - Board Advice Requirement - Staff Instruction, having sought CEO endorsement of the acquisition proposal under discussion.
5. Approves the acquisition of *Pine Ridge* subject to the negotiation of a purchase price which is within the valuation parameters received by the LDA.

Tom Gordon
Executive Director, Greenfield
Land Development Agency
19 May 2017

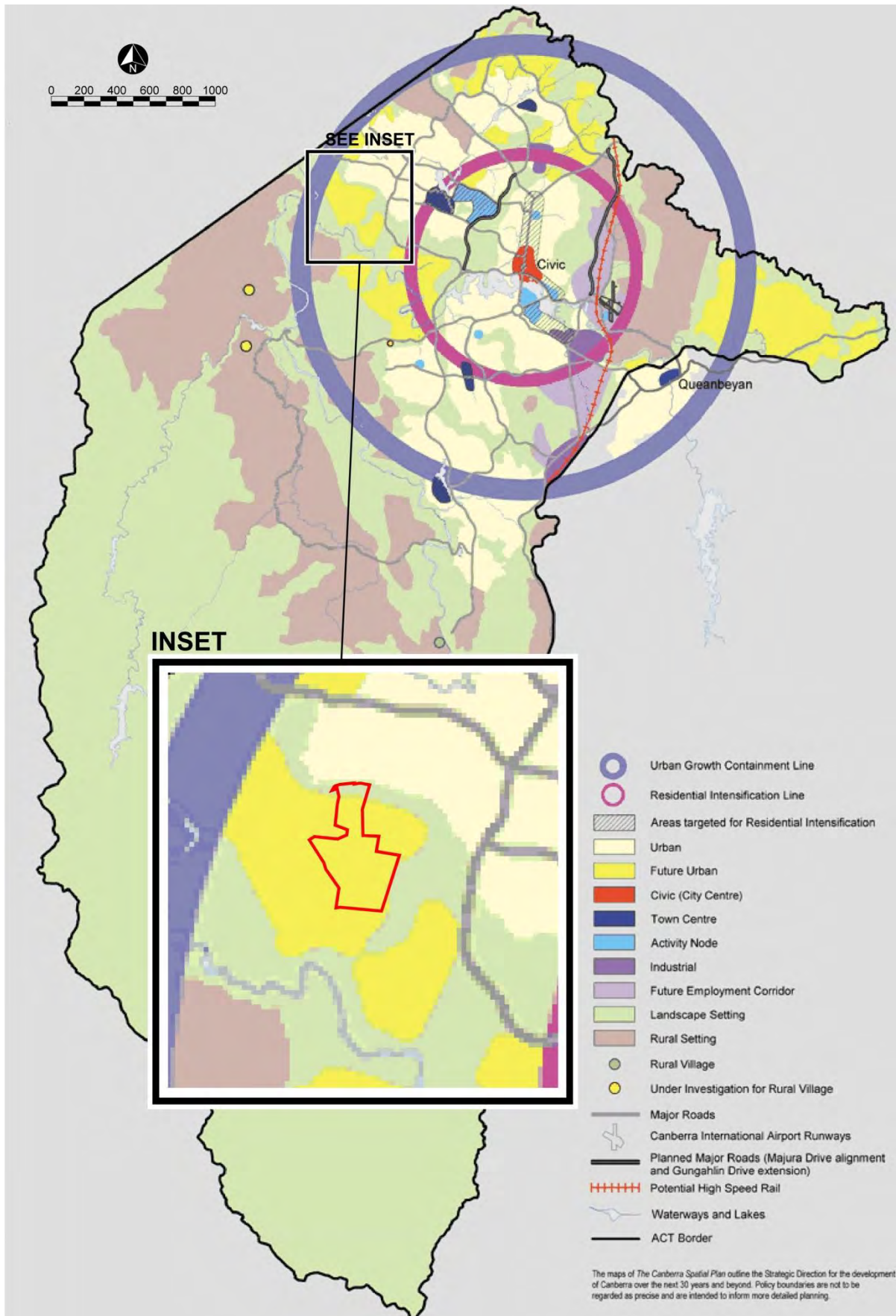
ATTACHMENTS

- Attachment A – Property Plan
- Attachment B – Strategic Direction Map - Canberra Spatial Plan
- Attachment C – Site Location Plan
- Attachment D – Slope Analysis
- Attachment E – Lease
- Attachment F – Valuation Report

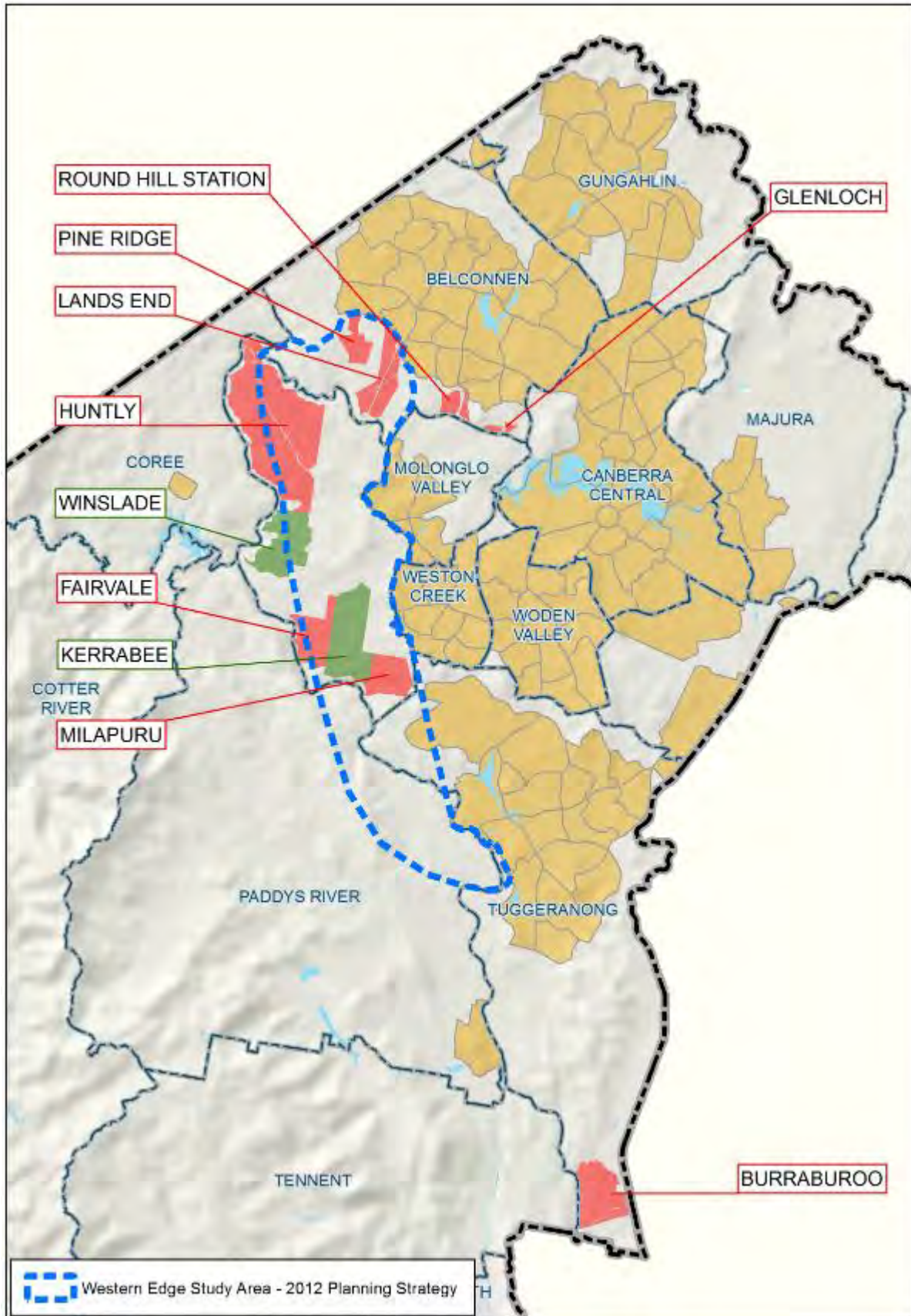
Attachment A – Property Plan



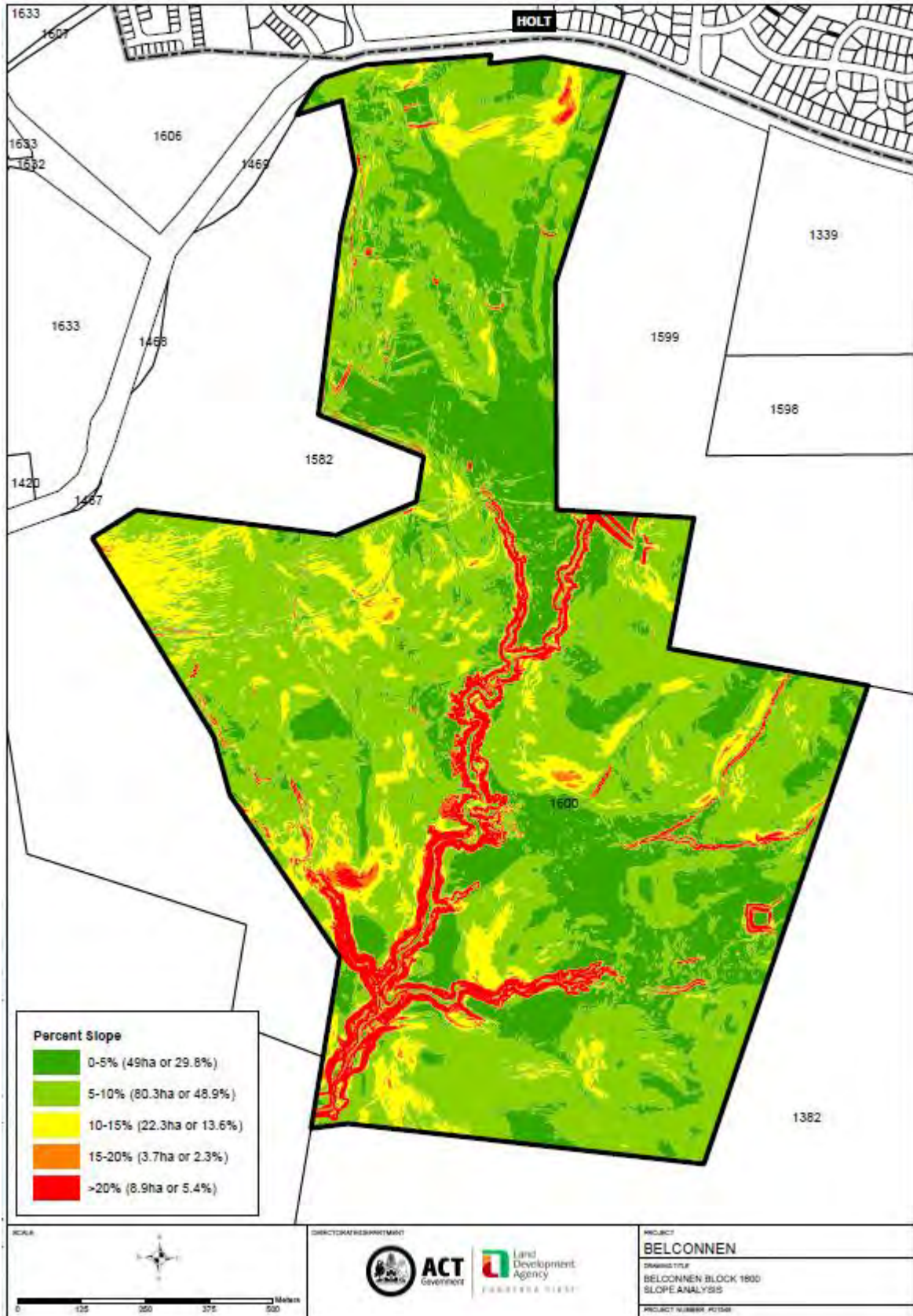
Attachment B – Strategic Direction Map - Canberra Spatial Plan



Attachment C – Site Location Plan



Attachment D – Slope Analysis





Land Acquisition

Business Case

Project Name:	Acquisition of Rural property known as Winslade
Project Value:	\$7.5 M for purchase price.
Risk Assessment (high/med/low):	Low
Proposed Delivery Model:	Future Residential Subdivision
Requesting Directorate:	Treasury Directorate
Requesting Minister:	Andrew Barr

Contact Officers

Contact Officer, Requesting Directorate:

Dave Richardson, LDA

Reviewing Officer, Treasury:

Sign Offs

Tom Gordon

Acting Executive Director, Land Development Agency:

Anita Hargreaves

CFO, Land Development Agency:

David Dawes

CEO, Land Development Agency:

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1. Purchase Outline

1.1 Property Overview

Winslade comprises of six (6) rural blocks with a total area of approximately 486 hectares held under a 99 year rural lease with considerable time to run by [REDACTED] ('the lessee'). The lease runs until 2101. The lease permits the use of Winslade principally for agriculture and the property has primarily operated as a Cattle farm.

The lease commenced in 2002 and is over Blocks 435, 439, 440, 441, 456 and 476 District of Stromlo. Winslade is currently being operated as a commercial farming operation.

The LDA was approached by the current owner to see if the LDA was interested in purchasing the property. The LDA undertook a market valuation of the property with the valuer Knight Frank determining a current rural value of \$6.5m to \$7.5m excluding GST. The owner indicated an interest to sell at a price consistent with the valuation. If purchased, the LDA would sublet the rural operations of the property until land development activity commences.

The LDA has recently prepared the draft Stromlo District Master Plan to provide a "strategy" with which both CMTEDD Treasury and the LDA Board can have confidence to support the previous and proposed acquisitions in the Stromlo District. Winslade forms an integral part of that strategy in joining the northern node of Huntly around Uriarra Road and the southern node along Cotter Road thus providing a more complete strategic proposition for future urban land development opportunities for Government

If development in Stromlo District was to proceed without Winslade then the economies of scale as well as road, major infrastructure linkages and bushfire protection would be bifurcated with the two areas developing as separate new towns.

1.2 Land Acquisition Policy Framework

The *Planning and Development (Land Acquisition Policy Framework) Direction 2014 (No 1)* ('the framework') came into effect on 20 June 2014 allowing the LDA to undertake strategic land acquisitions in accordance with the framework. The acquisition of this property falls within this Framework.

Acquisition Thresholds and Approved Decision Makers

The Framework provides for a land acquisition limit of \$20 million (per financial year) after which Government agreement is required for each purchase.

Any land acquisitions:

- below \$5 million require agreement by the LDA Board with advice to the relevant Minister;
- between \$5 million and \$20 million requires agreement by the Chief Minister and Treasurer with a business case provided to ACT Treasury; and
- over \$20 million, agreement by Government.

Note that this acquisition falls within clause 2.2.1 (b) of the Framework and requires agreement by the Chief Minister and Treasurer. This business case is to address the requirements of the Framework by providing the acquisition details to ACT Treasury for this land acquisition.

Note also the Framework identifies that Government agreement is required for any acquisition by the LDA that results in a cumulative annual total of \$20 million in acquisition being exceeded. The cumulative annual total means all acquisitions within a financial year – 1 July to 30 June.

Assessment Against Principles

The Framework also sets out principles by which to assess the acquisition. Below is an assessment against each of the principles:

- **The Intended Outcome Principle**
The purchase of this property by the LDA is to provide security for future Greenfield land, unlocking the potential of adjacent properties already owned by the LDA in the Stromlo District and respond to future growth requirements.
- **The Policy Alignment Principle**
The *Canberra Plan* published in 2008 highlighted significant increases in population, the growth of the economy, gross household income, a small increase in the labour market and increases in housing numbers. This highlights growth in the economy and an increase in housing demand. The *ACT Planning Strategy – Planning for a Sustainable City (2012)* (the Planning Strategy) provides a clear indication of where the main areas of growth should be located. The Western Edge Study extending from the southern edge of Belconnen down the western side of Molonglo and Tuggeranong includes the Central Precinct of Molonglo as well as the property of Huntly and land surrounding Mt Stromlo, including Winslade. See Section 2.
- **The Value for Money Principle**
LDA sought land valuation from Knight Frank to assist in negotiating a fair market value. Knight Frank valued the site at \$6.5m to \$7.5m million GST free. The valuation noted that this valuation is at the upper end of the ACT rural leasehold market, but also noted the nature of prime ACT rural properties in the Stromlo area.

By acquiring this block now, the Territory is able to capture the uplift in land value before rezoning from rural to residential, estimated at [REDACTED] (being Englobo value less capital works), as well as open the door to greater development opportunities with the surrounding blocks. The worst case position shows a [REDACTED] return to the Territory for a \$7,500,000 initial outlay plus \$4,000,000 for due diligence work to be undertaken over the next 10 years. See Section 4 for details.

- **The Risk Management Principle**

A risk assessment has been undertaken which highlights that all key risks can be mitigated and the Territory is not exposed. It is considered that the outcome for the proposed acquisition is achievable. See Section 3.

1.3 LDA Board Approval

In June 2016, the LDA Board approved entering negotiations for the possible acquisition of Winslade up to a limit of \$7.5m GST free.

Since that meeting the LDA has conducted a valuation review of farm operations and the financials of the property with the agreement of the current lessee as well as preparing this business case prior to discussion with Treasury to seek its support in accordance with the Framework.

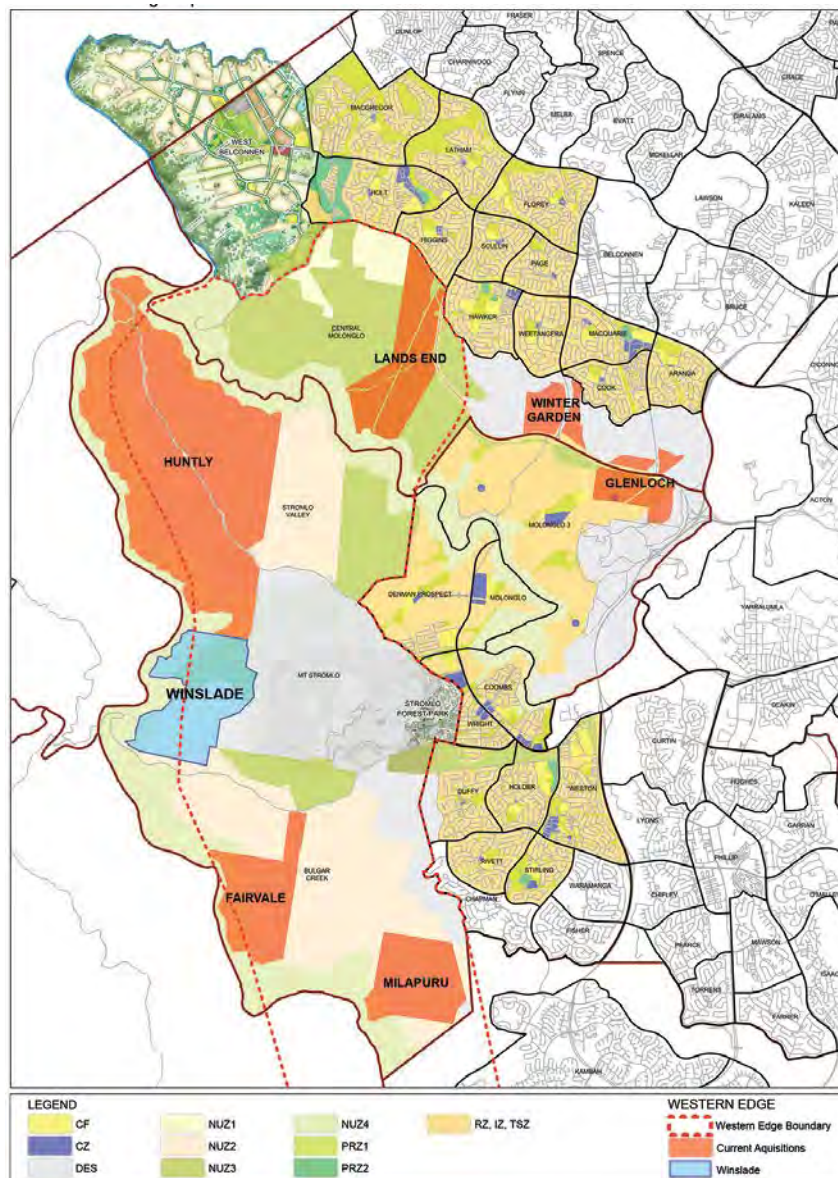


Figure 1 – Winslade Location

2. Needs Analysis

The purchase of this property by the LDA is to provide security for future Greenfield land, unlock the potential for future acquisition of adjacent properties and respond to future growth requirements as discussed in 2.1 below in accordance with the *ACT Planning Strategy – Planning for a Sustainable City (2012)* (the Planning Strategy).

This approach is predicated on the existing rural land use for Winslade, the fact that a number of the blocks in this area are adjacent to existing urban infrastructure, and advice that the lessee is a willing seller after first approaching the LDA.

The purchase of Winslade will add to the blocks north and south of the Molonglo River as well as south of the Cotter Road that have already been purchased by the LDA as a strategic acquisition in the District of Stromlo to create the potential for a greater developable area as set out in the Planning Strategy. These acquisitions are shown at Attachment 2.

2.1 Suitability

The *Canberra Plan* published in 2008 highlighted significant increases in population, the growth of the economy, gross household income, a small increase in the labour market and increases in housing numbers. This highlights growth in the economy and an increase in housing demand. While the resultant Structure Plan that developed from these earlier considerations, it concentrated development focus in the Eastern Precinct, the key principles of the Canberra Spatial Plan would equally apply to cover the Stromlo region adjacent to Molonglo.

The key principles are:

- Containing growth
- Residential intensification
- Centralising new residential areas
- Locating employment
- Protecting biodiversity
- Good travel connections
- Sustainable growth of the region.

In the Planning Strategy there is a plan that indicates those areas where investigations should focus between 2012 and towards the end of the Strategy. **(Figure 2)**

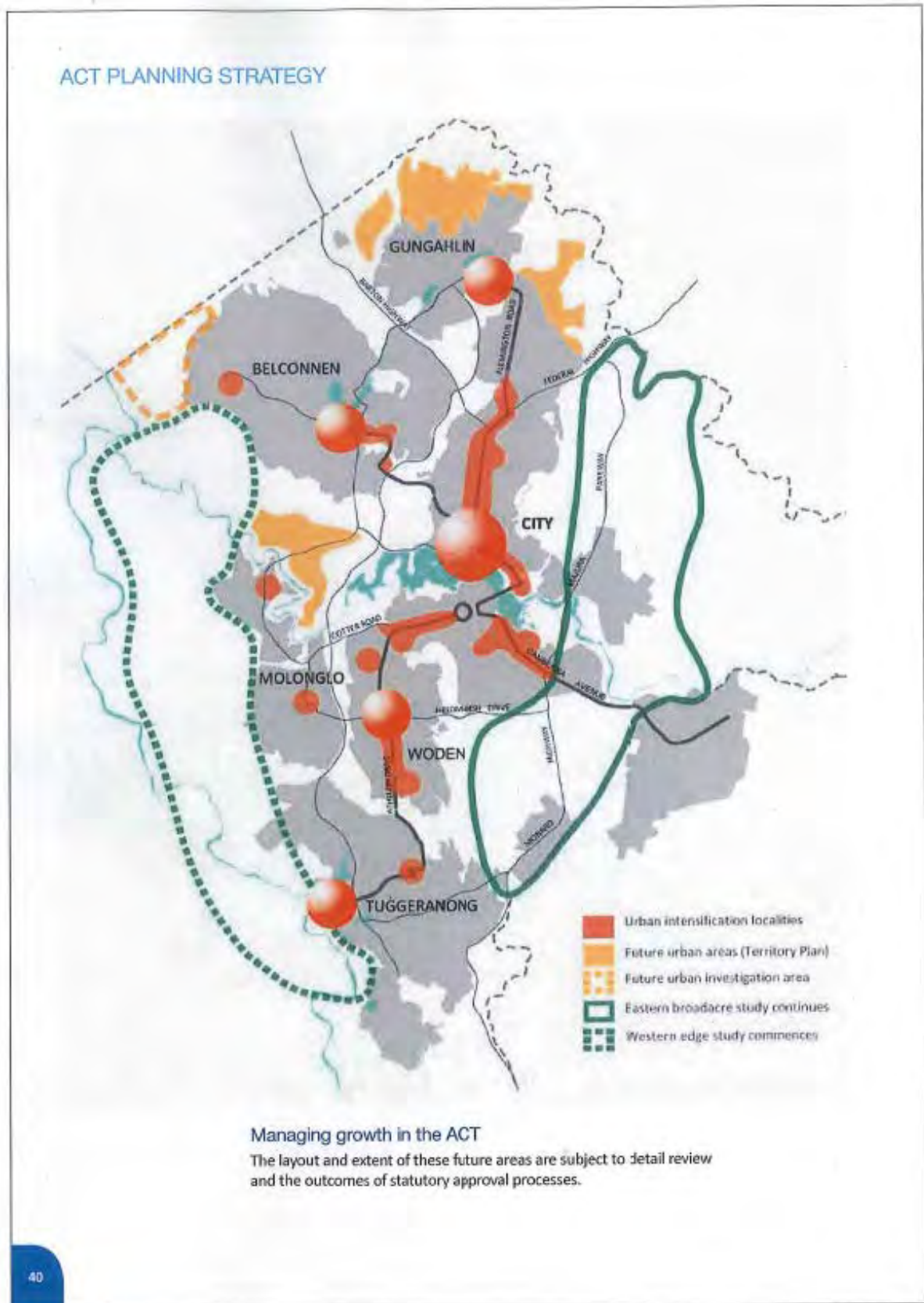


Figure 2 – ACT Planning Strategy

The areas identified include the remainder of Gungahlin (now well advanced), Molonglo Stage 3 (in the Land Release Program for first release in 2018-2019), West Belconnen (planning well advanced), the Eastern Broadacre Area (EPBC Strategic Assessment in process), and the Western Edge Study extending from the southern edge of Belconnen down the western side of Molonglo and Tuggeranong. This latter area includes the Central Precinct of Molonglo as well as land surrounding Mt Stromlo. The southern part of the Western Edge Study includes West Murrumbidgee which was the subject of detailed planning in the mid seventies by the former National Capital Development Commission (NCDC).

Winslade correlates well to land purchases by the LDA in the Western Edge Study area identified in the ACT Planning Strategy, Lands End in Central Precinct of Molonglo, Huntly in northern Stromlo, Fairvale and Block 19 Stromlo to the west of Weston Creek. After Winslade there is only one major property in this area that may become available which will provide Government with development opportunities that until now have not been considered.

The rural property of [REDACTED] is under investigation [REDACTED] [REDACTED] It is in a central position within that area, and has similar characteristics as Winslade in the context of being a central piece of the southern development around Mt Stromlo. It provides connectivity east to west for traffic and servicing infrastructure and provides a more complete and efficient planning outcome than if it were to remain in private land ownership.

As the Planning Strategy points out, short and longer term actions are critical to achieving current policy or to initiating more substantial, long lasting change opportunities.



The potential purchase of Winslade is considered a significant strategic acquisition in securing land ahead of time connecting the other already identified acquisitions in the Stromlo district. In the meantime the property would be maintained as a commercial rural operation until a variation to the Territory Plan was supported for future urban development.

2.2 Demand and Supply

A detailed analysis of Demand and Supply is included at **Attachment 4**.

In summary, the purchase of Winslade is to add to available land supply for the period 2035 to 2045. The analysis of demand and supply indicates that at 2030:-

- Gungahlin supply is expected to be completed (by 2028);-
- West Belconnen (ACT) is likely to be 50% released by 2030, leaving 2,500 to 3,000 detached housing sites available, most of which are expected to be developed after the NSW component of West Belconnen is developed. The NSW component will offer in the order of 3,500 to 4,500 detached housing sites (400 per year until 2045);
- Molonglo 3 is expected to have approximately 2,000 detached housing sites remaining at 2030 (400 per year until 2035);
- Ginninderra (CSIRO site) assuming the development proceeds will likely have approximately 3,500 detached housing sites remaining – (400 per year until 2039); and
- Developments in surrounding NSW, such as Tralee/Googong (or similar areas) will continue to provide supply to the region.

The development of Stromlo (Huntly, Winslade and land to the south of Mt Stromlo) and other strategic purchases West of Molonglo 3 will provide:

- Supply of approximately 400 detached housing sites per year until 2060;
- Be an addition, although likely a lower priced product, to Molonglo 3; and
- Provide a continuation of third development front within the ACT – in addition to West Belconnen (low priced supply) and Ginninderra (premium priced).

Overall supply from 2030 is likely to be provided by:-

- West Belconnen – estimated 400 detached housing sites per year;
- Molonglo 3 – estimated 400 detached housing sites per year for 5 years;
- Ginninderra – estimated 400 detached housing sites per year; and
- Stromlo – estimated 400 detached housing sites per year,

This totals approximately 1,600 detached housing sites per year.

2.3 Issues

Opportunities to purchase Greenfield land in strategic locations are limited. The landowner of Winslade has approached the LDA. Following negotiations the current landowner has indicated that they will accept an offer of \$7.5m GST free for the property, which is within the market range for a rural property of this kind according to the Knight Frank report.

2.4 Benefits

Winslade is in a strategically advantageous position for future development which would capture the uplift in value for the land rezoning from rural to residential purposes. An estimated [REDACTED] dwellings could be delivered on this property based on an assumption of 60% developable area.

The area is in the Stromlo district, approximately 3km west of Duffy/Wright, and is the middle of the Western Edge Study area. Winslade also correlates well to other land purchases in the same area by the LDA. Lands End, Huntly, Fairvale and Block 19 also fall in the Western Edge Study area identified in the ACT Planning Strategy. Further properties in this area are likely to become available over the next 5 or 10 years which provides Government with development opportunities that until now have not been considered.

Initial assessments have confirmed the potential of Winslade to deliver the benefits outlined above and subsequent more detailed capability assessments will be commenced at an appropriate time once the acquisition has been agreed.

In the future the Territory will continue to explore the acquisition of potential urban land on privately owned land holdings as well as explore other options for development with neighbouring land holders.

3. Risk Assessment

Current

3.1 Bushfire

There is a risk of bushfire impact on Winslade as evidenced by the 2003 bushfire. Winslade lost fencing, the shearing shed, associated yards and possibly stock in that fire.

- *Risk Mitigation - To reduce the risk, a bushfire risk strategy should be implemented immediately after the sale settlement if there isn't one in place with the current owner. A number of agencies including the Emergency Services Authority will be involved in the development of such a strategy. This will be implemented through the farmwise fire plan approved in the Land Management Agreement. The property will be fully insured through ACTIA.*

3.2 Assets

There are a number of assets on the property excluding the stock and dams. The assets include the main residence, original homestead, guest accommodation and many improvements including sheds, storage tanks and a horse arena. The fencing was completely replaced after the 2003 fires.

- *Risk Mitigation - Management of these assets will be undertaken by the current owner on a lease back arrangement to maintain in good repair.*

Future

3.3 Returns

Returns to Government in future urban development on Winslade are not as expected.

- *Risk Mitigation – Returns have been estimated using the best available information at the time. As due diligence and master planning proceeds, there will be updates to expected returns and Government will be kept informed. The financial analysis also estimates a conservative 60% development area to determine future returns.*

3.4 Management

The management of the property will be vested in the current owner under a lease back arrangement and management agreement. The risk is that the management put in place does not adequately address all the risks related to the property such as seasonal variations etc or inappropriate stocking and market conditions.

- *Risk Mitigation - Management of Winslade should take into account this risk and ensure adequate responses are included in the final agreement. Any agreement must be reviewable at agreed timeframes so that consequential management action can be taken as appropriate. A sublease and land management agreement will establish management obligations which if not met would result in termination of the lease.*

3.5 Commitment Risk

Commitment risk is the movement away from already publicly identified longer term planning strategies by Government for the future of the ACT growth areas. In order to implement any strategy involves ensuring that land is available for future development. The LDA is working towards implementing the Government's longer term planning strategy.

- *Risk Mitigation - If the planning strategy changes direction away from a western edge study area, the LDA may have undertaken abortive work. However, in bringing land back from leased land to Territory controlled land allows Government maximum flexibility going forward at near minimal land costs rather than allowing the increase in land value due to changes of land use to pass to the private lease holders. In addition, there will be ongoing evaluation and review. If there is a significant change to Government policy, the Government may consider resale of the land as a mitigation measure to recover costs.*

3.6 Landholding Protection

This is the risk that other existing private lease holders will be unwilling to offer their leases back to Government in the short term and instead wait for land use changes to drive up land valuations. Alternatively, there is a risk that existing private lease holders will put their properties on the open market with the result of also raising land valuations. Both of these actions can make the agglomeration and cost of land development difficult and more costly to develop in accordance with any planning strategy.

- *Risk Mitigation – Winslade is situated adjacent to existing LDA holdings with minimal private leases adjacent. There is connectivity with Huntly which is LDA leased land. Development is still possible with the current profile, but the LDA will continue to monitor willing sellers in the area. Alternative development mechanisms such as joint ventures maybe appropriate.*

3.7 Timing Risk

The risk from a timing perspective is that the conversion of the land use changes in the western edge study area is delayed significantly by Government due to slower population growth forecasts or a drop in land demand or there is a change in Government commitment by changing the direction for future growth. The process of conversion will take several years to complete where structure planning and capital works lead times may be subject to budgetary constraints pushing out dates to commence those processes. Part of the risk is the increased difficulty where land within potential development areas is not unleased Territory land.

- *Risk Mitigation – Ensure that the strategic planning process with EPD takes into account the longer term opportunities including Government commitments regarding strategic acquisitions by actively participating in that process and positively influencing outcomes.*

3.8 Ecological

Winslade is bordered by the Murrumbidgee River Corridor to the West. The risk due to interface issues not being able to be resolved in a timely manner is apparent and is being experienced in Eastern Molonglo.

- *Risk Mitigation – A coordinated approach to balance Social, Economic and Environmental issues similar to what is being applied in West Belconnen is likely to provide a more positive outcome and ensure timeframes and outcomes are agreed.*

4. Purchase Cost and Return to LDA

4.1 Purchase Cost

LDA sought land valuation from Knight Frank to assist in negotiating a fair market value. Knight Frank valued the site at \$6.5m to \$7.5m million GST free. The valuation noted that this valuation is at the upper end of the ACT rural leasehold market, but also noted the nature of prime ACT rural properties in the Stromlo area. After negotiations the seller and the LDA have agreed that if the LDA receives the appropriate approvals from the LDA Board and from Government the price will be \$7.5m million GST free.

However, it is proposed that the property would be purchased as an ongoing concern and GST does not apply to the arrangements under the sales contract. Given the future intent to develop residential land in this location in the medium term, the purchase price represents fair market value.

4.2 Estimated Land Return

The strategy approved by the LDA Board for this property purchase provides flexibility for future use. The stand alone financial evaluation for the Winslade property at Stromlo is shown below in the summary table.

Summary - Estimated Financial Outcomes

	Commence 2035		Commence 2040	
	Lower \$'000	Higher \$'000	Lower \$'000	Higher \$'000
Dwellings				
Development Period	2035-2044	2035-2044	2040-2049	2040-2049
LDA Estate				
Total Revenue				
Total Expenditure				
Surplus				
Englobo sale	291 Hectares	291 Hectares	291 Hectares	291 Hectares
Total Revenue				
Capital works and land Cost				
Surplus				

By acquiring this block now, the Territory is able to capture the uplift in land value before rezoning from rural to residential, estimated at [REDACTED] (being Englobo value less capital Works), as well as open the door to greater development opportunities with the surrounding blocks

The worst case position shows a [REDACTED] return to the Territory for a \$7,500,000 initial outlay plus \$4,000,000 for due diligence work to be undertaken over the next 10 years.

The analysis is based on the following assumptions:

1. Revenue and costs escalated at 2.5 %.
2. NPV calculated on annual cash flow.
3. Sale rate of 400 dwelling per annum.
4. Summary provided on two commencement dates 2035 and 2040 with an assumed 10 years sales program.
5. Revenue – low = [REDACTED] per block and high = [REDACTED] per block (pre escalation)
6. Civil Estate Works - [REDACTED]
7. Capital works – [REDACTED]

Additionally, should the situation arise that the site is unable to be developed for whatever reason, the asset can be sold back into the market. As the purchase price is based on rural land value it would be expected that a similar rate would be achieved if sold back into the market for rural purposes. Given there are several houses on the estate, the LDA has the opportunity to subdivide and sell multiple parcels at a higher rate.

A do nothing option presents risks in that the current owner may choose to locate another buyer. This buyer would be a position to approach the LDA in future years once the western edge is progressing, and offer the property for sale at a greatly increased premium.

A summary in current dollars escalated at 2.5% per annum is included at **Attachment 5**.

4.3 Due Diligence and Planning Steps

Winslade is being operated as a commercial farm that is located within the ACT Planning Strategy's identified western edge study area for managing growth in the ACT. In order to progress any changes of land use to allow the development of future urban areas within the study area, a number of planning steps are required. These include:

- Ecological assessments may be done for at least the first 3 years to provide a base case of likely environmental constraints and then at suitable intervals thereafter. Contamination assessments will determine likely areas that will need further assessment as the time for land use zoning changes occur. Likely sources of contamination are sheep dips, garbage pits, uncontrolled fill and possible asbestos contamination.
- Initial study into infrastructure requirements and identify likely budget requirements. Preliminary LDA master planning is required to test development potential and infrastructure requirements and discuss at regular intervals with EDD and EPD for support.

- Monitoring land supply and demand and provide updates to Government regarding possible timing for any land use changes and agreed processes.
- Undertake normal due diligence assessments and update master planning once Government has committed land use changes.
- At a future agreed time, seek formal EPD agreement to steps including variations and amendments to statutory plans and environmental clearances.

The following is a preliminary estimate of the expected LDA costs to undertake the necessary due diligence and other studies to convert the property to urban land use in the time period from 2016 through to 2035 and correlates closely with the preliminary indicative timing and the studies identified in Section 8 of this submission for the respective years shown. Note that the time period is dependent on Government policies directions.

- 2017 – 2020 – Initial LDA due diligence and infrastructure requirements, Estimated budget of \$300,000
- 2020 – 2030 – Continuation of LDA ecological monitoring, Estimated budget of \$300,000
- 2020 – 2030 – Preliminary LDA master planning and updating options, including initial capital works requirements, Estimated budget of \$200,000
- 2019 – 2030 – LDA undertake the remaining due diligence assessments and update master planning once Government has committed land use changes, participate in forward planning for capital works infrastructure, Estimated budget of \$1-2M
- 2025 – 2035 – Complete formal statutory assessments (Commonwealth and ACT), and finalise variation and amendment to both the Territory and National Capital Plans, Estimated budget of \$1M.

The estimated total for the above work is in the order of \$4M.

As seen by the above list, the timing indicates both a short term and longer term horizon that will be qualified as the work progresses. Also, it should be noted that the process and lead times to complete some of this work can be as long as 5 years especially when considering the provision of infrastructure and funding.

5. Timeline

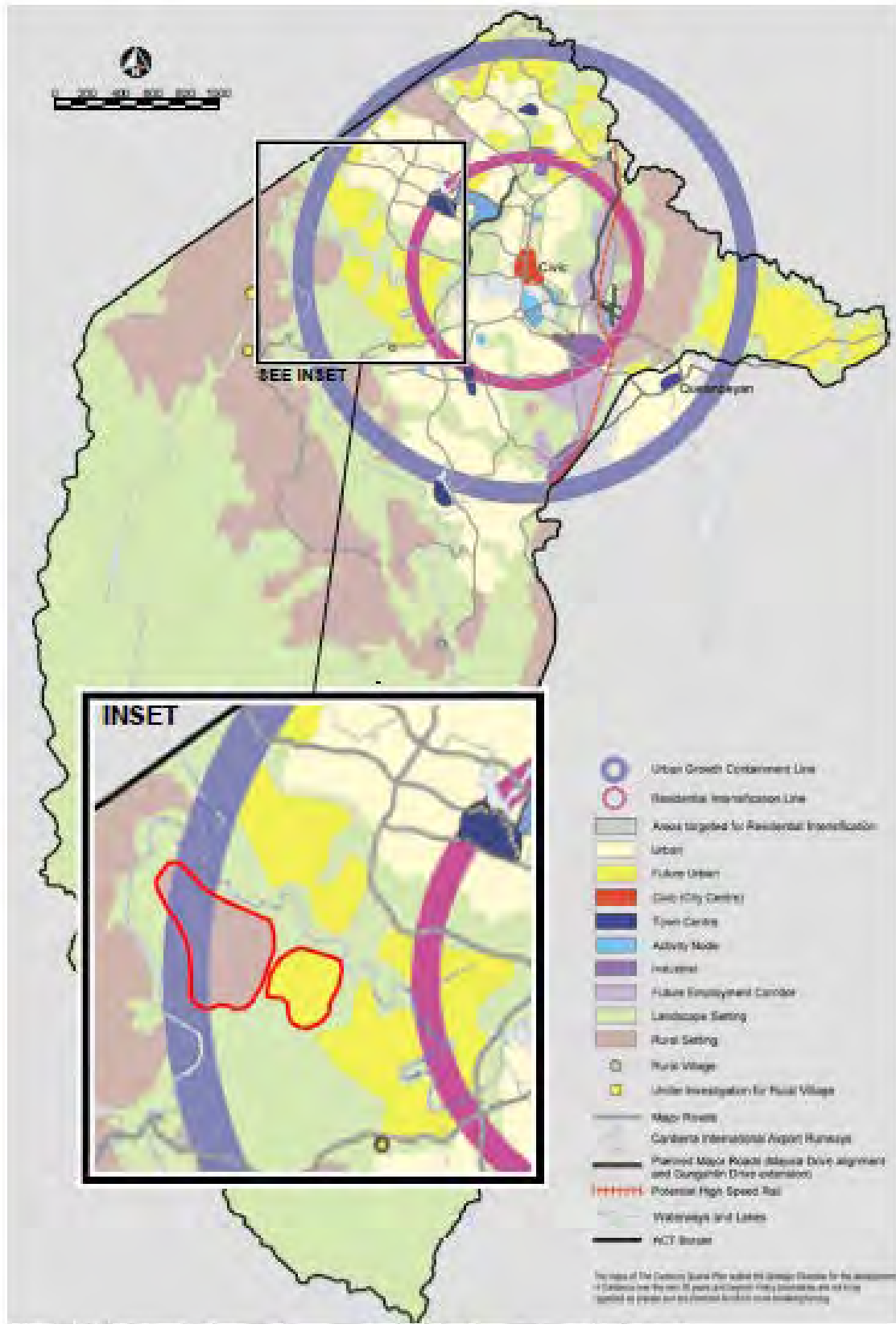
The expected timeframe for commencing the development of this property regardless of approach or scale with surrounding land owners is in the order of 10 years. The development period, depending on demand and other development fronts is in the order of 25 years.

6. Recommendation

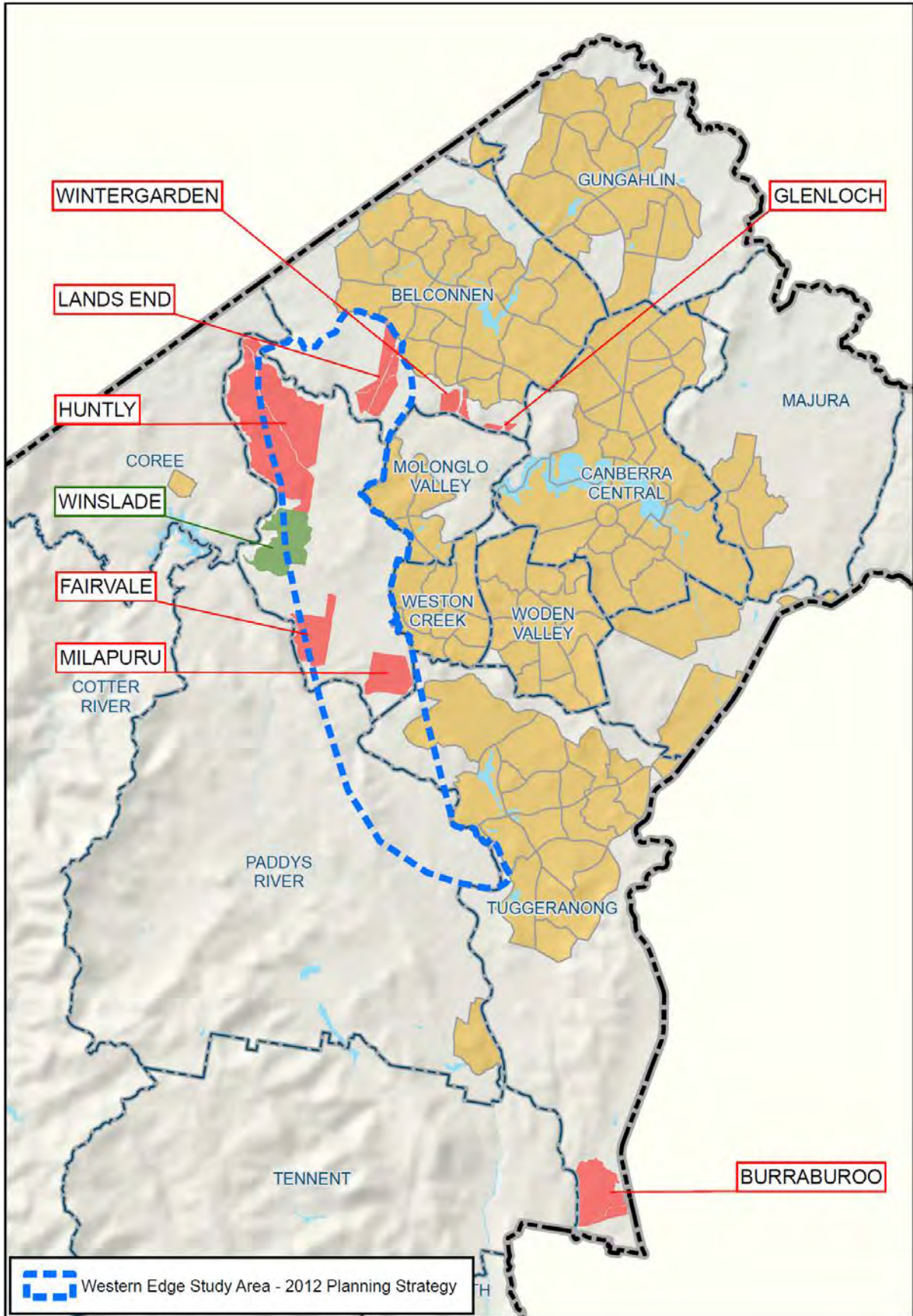
It is recommended that ACT Treasury support the LDA proceeding with the purchase of Winsalde in accordance with the *Planning and Development (Land Acquisition Policy Framework) Direction 2014 (No 1)* on the basis of its strategic value to the broader acquisitions and the significant potential for financial return.

The purchase of this property by the LDA will provide security for future Greenfield land, unlock the potential for future acquisition of adjacent properties and respond to future growth requirements as contemplated in the *ACT Planning Strategy*. It will add to the blocks north and south of the Molonglo River as well as connect Huntly to the properties south of the Cotter Road that have already been purchased by the LDA. Winslade connects the north and south of the Stromlo District to create the potential for a greater developable area as set out in the Planning Strategy.

Attachment 1 – The Canberra Spatial Plan (2004) – Strategic Direction Map



Attachment 2 – LDA Acquisitions Map



Attachment 3 – Preliminary Due Diligence

This paper reports on the desk-top due diligence investigation on the Winslade property. It should be noted that only brief site access was available to the lease for preliminary site inspection work so verification and on-site assessments have not been undertaken at this stage.

The analysis draws together material from:

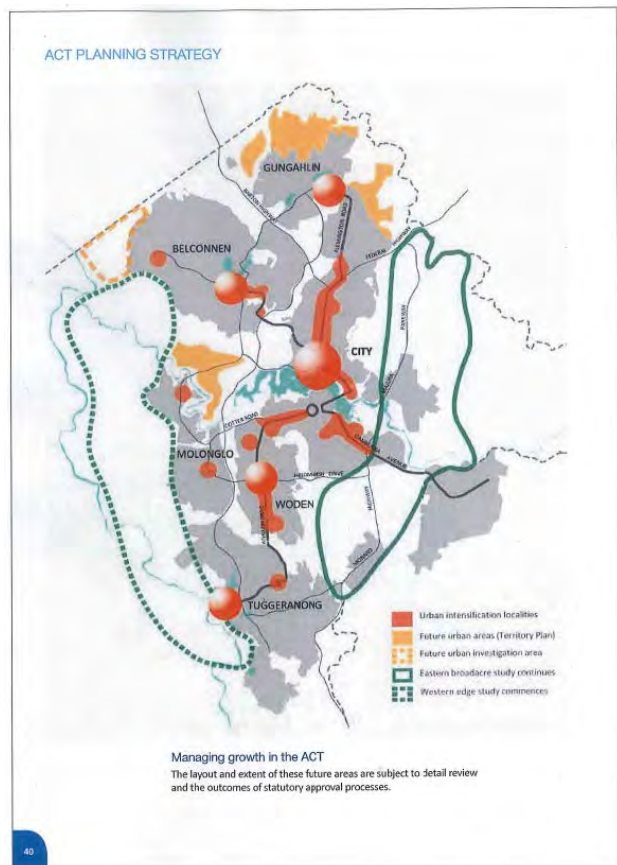
- An initial assessment of the potential risks or constraints from aerial photography, and brief site visit.
- a corporate knowledge of due diligence investigations by the Development Ready (Estates) unit for LDA land releases

As part of this study an estimate of potential dwelling yield for Winslade will be provided and the cost of necessary assessments and remediation will also be included.

1. Planning Context

In the ACT Planning Strategy 2012 there is a clear indication of where the main areas of growth should be located. **Figure 2** from the Strategy (shown right) indicates those areas where investigations should focus between 2012 and towards the end of the Strategy.

The areas identified include the remainder of Gungahlin (now well advanced), Molonglo Stage 3 (in the Land Release Program for first release in 2018-2019), West Belconnen (planning well advanced), the Eastern Broadacre Area (EPBC Strategic Assessment in process), and the Western Edge Study extending from the southern edge of Belconnen down the western side of Molonglo and Tuggeranong. This latter area includes the Central Precinct of Molonglo as well as the property of Winslade. The southern part of the Western Edge Study includes West Murrumbidgee which was the subject of detailed planning in the mid seventies by the former National Capital Development Commission (NDC).



Winslade also correlates well to other land purchases in the same region by the LDA. Lands End in Central Precinct of Molonglo, Huntly, Fairvale and Block 19 Stromlo all to the west of Weston Creek also fall in the Western Edge Study area identified in the ACT Planning Strategy. Further properties in this area are likely to become available over the next 5 or 10 years which provides Government with development opportunities that until now have not been considered.

As the Planning Strategy points out, short and longer term actions are critical to achieving current policy or to initiating more substantial, long lasting change opportunities.



The potential purchase of Winslade is considered a beneficial strategic acquisition in securing land ahead of time in and adjacent to the other already identified precincts in Stromlo. In the meantime the property would be maintained as a commercial operation until a variation to the Territory Plan was supported for future urban development.

2. Issues

Due Diligence

A desktop due diligence study is being conducted by the Development Ready (Estates) unit of LDA on Winslade to inform Executive in arriving at a decision regarding its suitability for strategic acquisition and future inclusion in the Land Release Programs in an appropriate time frame.

The desktop due diligence study considered a range of opportunities and constraint parameters including the following:

1. *Lease parcels and operational history*
2. *Land custodianship*
3. *Existing constraints including the bulk water supply main from Stromlo*
4. *Current servicing infrastructure*
5. *Possible site contamination*
6. *Possible Aboriginal and European heritage constraints (but not natural heritage)*
7. *Possible bushfire impacts*
8. *Major infrastructure concept plans for water supply, sewer, storm water and electricity*
9. *Possible tree / ecological constraints*
10. *Arterial road options and land uses*
11. *Topographic Survey*
12. *Environmental clearances*
13. *National Capital Plan*
14. *Territory Plan*
15. *Likely Development Scenario*

Each is discussed in detail below. Recommendations are made in each parameter regarding the need to carry out assessments and the likely cost to achieve the desired outcome for residential development. The final parameter of *Likely Development Scenario* will provide an estimate of dwelling yield and will make some assumptions about dealing with the opportunities and constraints discussed.

4.1. Lease Parcels and Operational History

Winslade comprises of six (6) rural blocks with a total area of approximately 486 hectares held under a 99 year rural lease with considerable time to run by [REDACTED] ('the lessee'). The lease runs until 2101. The lease permits the use of Winslade principally for agriculture and the property has primarily operated as a Cattle farm. **Attachment B** sets out the lease components.

The lease commenced in 2002 and is over Blocks 435, 439, 440, 441, 456 and 476 District of Stromlo.

It should be noted that the existing boundary fencing does not necessarily coincide with the lease boundary. It is recommended that the lease will need a boundary survey to identify correct boundaries.

Recommendation

A lease boundary survey should be undertaken to identify correct boundary location.

Estimated Cost

The estimated cost for a boundary survey is \$15,000 including GST which should also cover the preparation of a Deposited Plan and Plan registration.

4.2. Land Custodianship

Winslade is currently under rural lease to [REDACTED] (see **Attachment B**). Stromlo forest park is immediately to the east of Winslade is currently managed by Sport and Recreation and the contact officer is Rod Florence. The land to the west is river corridor under TAMS land

custodianship and contact officer is Darren Rosso. The land to the north is a LDA property known as Huntly and the contact officer is Dave Richardson.

Recommendation

If the decision is made to proceed to purchase the Winslade lease, then land custodianship should be held by LDA as the lease is to be considered for addition to the Land Release Program in the future. This would allow for due diligence assessments recommended below to be undertaken and relevant clearances to be obtained prior to commencing urban development.

Winslade being directly adjacent to Huntly may make this property attractive to be added to Huntly's Land Management contract.

4.3. Existing Constraints including the Bulk Water Supply Main from Stromlo

The Land within Winslade zoned Rural and Hills Ridges and Buffer is predominantly 10% or less, slope (58%) and only 2% of the Block is above 20% slope. See **Attachment C**.

4.4. Current Servicing Infrastructure

Water Supply

The Cotter to Stromlo bulk water main cuts through Block 470. While there are scours for cleaning the water main along the length of the interface, there is no potable water supply from the main. A further water main travels through Block 441, 439 and 435 and heads through Stromlo Forest Park towards the Mount Stromlo Water Treatment Plant. It appears that the residences do not have mains (potable) water supply.

Water licenses have not been investigated.

Sewer

Winslade homesteads and possibly other outbuildings appear to be serviced by septic tanks or equivalent.

Electricity

Electricity appears to be provided to the residences from an overhead low voltage power supply running through Block 476.

There is 11kv power line mounted on poles generally along the southern boundary of Block 456.

There is also an existing 132kv power line mounted on steel lattice towers running north south on the eastern side of Block 456 within a 60m wide easement granted in August 2015 to TRANSGRD. This easement was then transferred to NSW Electricity Works Operations PTY LTD in December 2016.

Gas

It is doubtful that piped gas is available to Winslade lease. It is more likely to have a bottled gas supply.

Communications

It is assumed that telephone services are available to the residences.

Recommendation

An assessment of the existing infrastructure services would need to be undertaken to verify the location of services and their capacities.

Estimated Costs

A review of existing infrastructure services and their capacities is estimated to cost \$30,000 including GST.

4.5 Possible Site Contamination

Generally, contamination is not a major show-stopper when it comes to residential development and there are no cases in the ACT where the LDA has had to modify development outcomes. All sites have been successfully remediated and certified suitable for residential use. Protocols are in place to deal with any unexpected contamination found during construction.

Proper testing, remediation, monitoring and Environment Protection Unit signoff is all required before development occurs with auditing where necessary. This is normal procedure and it should only take time and reasonable budget expenditure to overcome rural contamination. More concentrated contamination hotspots such as the Asbestos find at the Weston Creek Pond are not associated with rural operations.

Possible contamination areas of interest include existing dams and ponds, erosion contour banks, gully erosion, farm buildings including the homestead and miscellaneous outbuildings. Normal rural operations would also have fuel and chemical storage, machinery maintenance facilities, disposal pit and possibly a sheep-dip as other potential contamination hotspots.



There are approximately 21 dams or ponds on the total lease (Refer Attachment F). The majority of these dams or ponds appear to be small and could be areas of natural water pondage or could be a dam with little construction. Associated with these features are contour banks. These would be associated with normal farm runoff management.

It would be expected that the dams and ponds may collect residual silts from runoff and possible minor contamination from the use of

pesticides and other agricultural applications such as pasture improvement during normal farm operations.

Also evident are numerous overland flow paths that may have possible erosion but the extent of the impact does not appear to be significant from examination of aerial photography. Note however that rural practices in the past has seen dumping of uncontrolled fill and even general farm waste including Asbestos and old machinery in an effort to try and prevent active erosion from continuing.

Normally a sheep dip would be associated with rural properties especially where a shearing shed or stock yards are constructed. Winslade has a shearing shed and sheep and cattle yards. A sheep dip is not evident from an examination of the aerial photograph. However, one may be present.

There is an array of pits located in the centre of block 435 with an approximate surface area of 2500m². Farm dumps and animal pits are common occurrences on leases in the ACT. Farm dumps can contain household garbage, old machinery, fencing, Asbestos, chemical drums and other poisons. Animal pits can contain dead animals such as sheep, cattle, kangaroos etc. In both cases it would be expected that the dumps and pits would require proper contamination assessment and full remediation before being suitable for residential land use.



Aerial photography and the site visit revealed a number of silage pits used for the storage of fodder. These are a common occurrence and drought proof the property without the need for storage sheds, silos or purchasing fodder in times of drought.



The property has formed tracks which may contain imported materials especially where they cross depressions or overland flow paths.



Given the age of the original homestead and structures, it would be expected that products containing Asbestos may have been used in these constructions both in sheet form and possible

lagging of pipes. Removal of Asbestos is expected to be required to retain the use of these buildings in the future urban area.

A new residence was constructed post 2012 which should not contain any Asbestos.

Other features observed on the aerial photography included:

- Small unidentifiable structures in several paddocks that could be old machinery, stock feeders etc.
- Previous cropping history is also visible using aerial photography.
- Numerous planted windbreaks throughout the property.

Recommendations

A formal search of the Contaminated Land Register must be undertaken to identify any registered contaminated sites. This will be a required action in any contamination assessment.

Further, depending on the contamination found, the services of an accredited site auditor may be required during assessments and remediation processes.

The series of assessments required would include:

- *Phase 1 Assessment – this is the initial assessment undertaken on any site.*
- *Phase 2 Assessment – this picks up from the outcomes of the Phase 1 study and further tests any recommended AECs. At this stage the need for an accredited auditor to be engaged to monitor and audit further work to the satisfaction of the EPU is identified. An SAQP can be done as a Phase 2 assessment. Following this a RAP is prepared to allow for remediation of AECs.*
- *Phase 3 or Remediation Assessment – remediates the AECs to required standards (usually for residential development).*

Estimated Costs

- *Phase 1 Assessment – estimate \$50,000 including GST*
- *Phase 2 Assessment (or SAQP) – estimate \$300,000 including GST assuming site auditor required*
- *Phase 3 Assessment – estimate \$1,000,000 including GST based on possible sheep dip and asbestos finds*

4.6. Possible Aboriginal & European Heritage Constraints

Within Block 456 records indicate (1) Aboriginal artefact scatter (7/9 9H1) of at least 2 stone artefacts located on a forest track. Recorded by Bulbeck & Boot 1990.

Recommendations

A full process of assessments for Aboriginal and European heritage artefacts will need to be undertaken across the site.

The assessments involve firstly a desktop study including Heritage Register checks and walkover for discovery of likely areas of interest (Stage 1). Stage 2 involves on-site test pitting and recovery of artefacts and signoff by the Heritage Council. Time to complete is usually an issue.

Estimated Costs

- *Stage 1 Assessment – estimate \$50,000 including GST*
- *Stage 2 Assessment– estimate \$300,000 including GST*

(Note that 4 RAOs (Registered Aboriginal Organisations) are invited to participate in the studies and managed by the consultant. Over 50% of the above costs go to the RAOs for their participation.)

4.7. Possible Bushfire Impacts

Saturday 18 January 2003 was the day of the significant bushfire that struck the Stromlo and Molonglo Valleys from the west coming out of the Brindabella's at great speed and travelled up the valley into the developed areas of Duffy, Chapman, Holder and Kambah destroying a total of around 500 dwellings. That event has been called a "firestorm" and was accompanied by strong winds.

Ember attack was responsible for a large number of houses lost and was thought to be driven by the presence of mature pine forests to the north west of the impact area immediately adjacent to the developed area. The events of 2003 in the ACT and significant fires in other States around that time saw the revision and strengthening of bushfire risk assessments in the ACT.

Recommendation

A Preliminary bushfire risk assessment be undertaken against the likely scenario for development to guide further planning and design. In the interim a Farmwise Fire Plan be developed and the property managed in accordance with whilst a Rural Property.

Estimated Costs

Estimated cost is \$25,000 including GST.

4.8. Major Infrastructure Concept Plans for Water Supply, Sewer, Storm Water and Electricity**Water Supply**

No studies have been undertaken to date.

The Property falls from 640m AHD down to 500m AHD adjacent to the river corridor. There looks to be opportunity to locate a reservoir in block 435 or in the adjacent Stromlo Forest Park at around the 640m contour.

Sewer

No studies have been undertaken to date.

Storm Water

No studies have been undertaken to date.

Careful consideration of Stormwater and WSUD will be needed as the property is up slope of Stony Creek Nature Reserve. All WSUD may be required to be undertaken outside of the nature reserve.

Electricity

No studies have been undertaken to date.

At the present time a 132kV power line runs north-south through the eastern edge of the property (refer **Attachment E**). Due to the location of this alignment, it is unlikely that options to relocate these powerlines will need to be considered. The length of relocation would be 635m and the gain to the developable area would only be 1.5ha. This could provide opportunity to collocate a Zone Substation to service Stromlo within this 1.5ha area.

Lower voltage 11kV lines should be available as normal from the nearest zone substation. Usually within urban areas these lines are undergrounded wherever possible and practical to minimise visual and residential amenity impacts. Low voltage power to each individual house would be by normal underground reticulation as normal in new estates.

Recommendations

Discussion with the various service providers is required during early structure planning to ensure capital works, easements and other access requirements can be finalised with certainty. Timing for substation or any relocation or upgrading of 132kV power lines needs to be carefully considered in the planning stage.

Estimated Costs

The estimated cost for Preliminary services Masterplan is \$250,000 including GST.

4.9. Possible Tree / Ecological Constraints

From aerial photography tree coverage is scattered throughout the Winslade lease, with higher densities to the southern and eastern part of the lease (block 456) thinning out towards the north.

There appears to be a majority of native species of trees. Around the original homestead there appears to be a combination of deciduous and other evergreen trees but these are hard to identify from the aerial.

Further, there are a number of windbreak plantings throughout the property generally in a north-south orientation.

Block 435 which is part of this lease appears to be heavily timbered similar if not denser than the adjacent Stromlo Forest Park.

It appears from the aerial photography that between 2012 and 2015 there has been a significant amount of



weed spraying adjacent to the river corridor. This is more than likely blackberry which has a history to spread out of the Murrumbidgee River Corridor.

Core ecological connections could also be incorporated between Stony Creek Nature Reserve and Stromlo Forest Park into the future development of this area strengthening the connectivity corridor for wildlife movement linking Namadji National Park to Kama and the Pinnacle Nature Reserves.

Recommendation

A tree survey and assessment will be required closer to land development and should cover all Blocks in the property. This will provide an up to date aboriginal assessment of regulated and other trees.

Estimated Cost

A tree survey and assessment is estimated to cost \$70,000 including GST.

4.10. Arterial Road Options and Land Uses

No studies have been undertaken to date.

Recommendation

The LDA work closely with EDD to ensure the best possible fit for any arterial roads, adjacent land uses and playing fields given the constraints and impacts on residential development and housing affordability.

Support the need for a fine grained geotechnical study across Stromlo to better understand the underlying geology and its engineering and development constraints.

Estimated Cost

A preliminary Geotechnical Investigation is estimated to cost \$100,000 including GST.

4.11. Topographic Survey

Recently the ACT Government has commissioned a LiDAR Project for the whole of the ACT. This property has been captured at 4points per metre. This will be adequate for all master planning work and preliminary due diligence investigations.

A full topographic land survey needs to be undertaken across property. This is required for the preparation later of EDPs and subsequent detail design. It also locates all above ground structures including the location of all trees to allow the tree survey and assessment to be undertaken.

Recommendation

A full topographic land survey should be undertaken of the property closer to land development. This may include alternate technology including drone aerial surveys to possibly reduce cost with a similar relative accuracy.

Estimated Costs

The estimated cost for a topographic land survey is \$300,000 including GST.

4.12. Environmental Clearances

Checking the known ecological constraints on ACTMAPi it appears that there is a location in the north of block 456 that may contain the threatened plant Pale Pomaderris. There also appears to be a small amount of ACT listed BGWL within Block 456 adjacent to the river corridor. The land within Stromlo Forest Park adjacent to block 435 is mapped EPBC listed BGWL, there is a possibility that the woodland within 435 is a continuation of that community and currently unmapped.

The remainder of block 456 looks significantly pasture improved and unlikely to meet the listing requirements for BGWL.

Recommendation

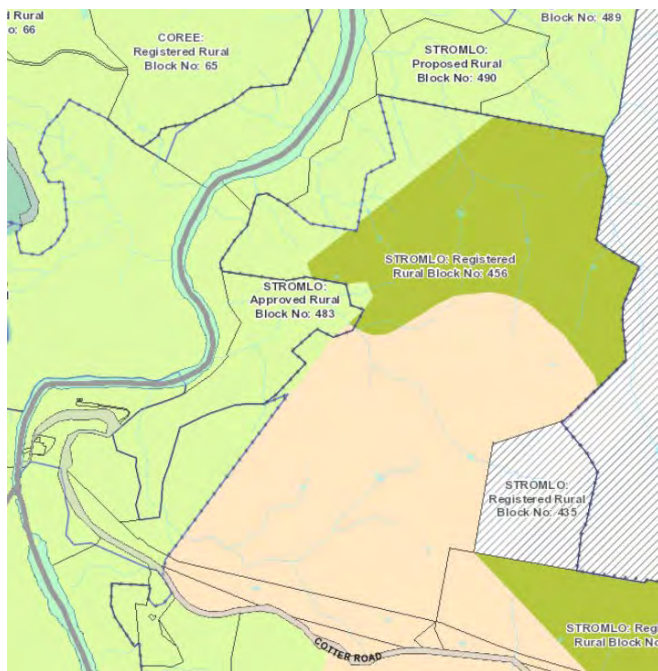
A preliminary vegetation assessment should be undertaken to establish a baseline as soon as practical.

Estimated Cost

A preliminary vegetation assessment is estimated to cost \$25,000 including GST.

4.13. National Capital Plan

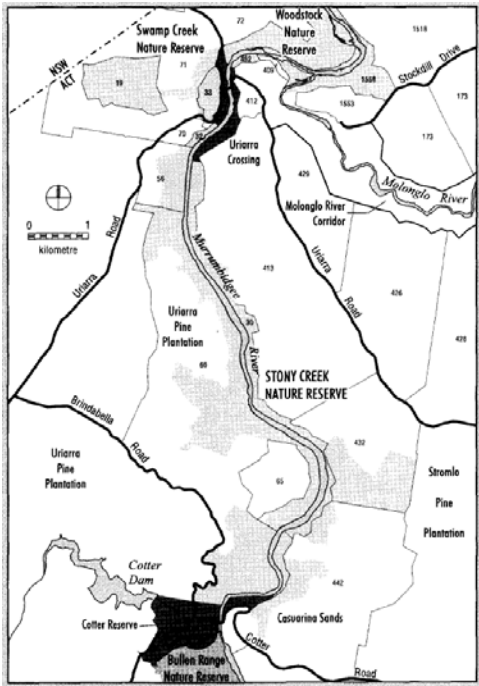
Block 435 on the eastern side of the property is part of the Designated Area (the Inner Hills) of the National Capital Plan and particular design and siting conditions apply to ensure the maintenance and enhancement of the character of the national capital is maintained.



Therefore the available area for possible development of Block 435 as part of future development is unknown and has not been included in the developable area calculations.

4.14. Territory Plan

The Territory Plan zones the majority of the blocks within Winslade as Non-Urban Rural with the north of the property as Non-Urban Hills, Ridges and Buffer. The Western part of the property is zoned Non-Urban River Corridor with a proportion of this lease inside the Stony Creek Nature Reserve.



Specific management objectives for the Stony Creek Nature Reserve are:

- to provide continuity of management for river bank communities between Uriarra Crossing and Casuarina Sands;
- to maintain a corridor for the movement of native fauna, and for recreational access between the Uriarra and Stromlo areas; and
- to improve access for management activities.

LDA could undertake the necessary planning investigation, prepare a master plan for the whole of Stromlo and prepare an EDP for the initial release area. Based on the timelines of past and current projects, this process could commence when required.

Proposed Process	Estimated Completion Date
Planning investigations	6 Months
Prepare Urban Development Framework	6 Months
Prepare Structure Plan and Environmental Approvals	2 years
Prepare Masterplan	12 Months
Prepare EDP	12 Months

Recommendation

It is recommended that LDA undertake a planning report for all of Stromlo that may lead to a Structure plan for the Stromlo Valley. At some stage in the future a variation to the Territory Plan should be undertaken to reflect the intent of future land releases and capital infrastructure works.

Estimated Costs

A planning report for Stromlo is estimated to cost \$100,000 including GST.

An Urban Development Framework that may inform the Structure Plan of Stromlo is estimated to cost \$250,000 including GST.

4.15. Likely Development Scenario / Potential Land Return

As discussed in the document 98% of the land in Winslade is less than 20% slope which is optimal for urban development (**Attachment D**). The land is severely modified from past agricultural use so is unlikely to have significant environmental value. Core connections between Stony Creek Nature Reserve and Stromlo Forest Park could be incorporated into the future development.

Term: 99 Years

Ownership: ACT Government, LDA custodianship

Size: 486ha

Developable Area: 291ha (60%)

Dwellings [REDACTED]

Raw Rural Land Value: \$6.5-7.5M

Raw Residential Land Value: [REDACTED]

Gross Realisation: [REDACTED]

*Assumptions:

- Low density dwellings at approx [REDACTED]
- Land sales at an average of [REDACTED] per medium sized block.
- Raw residential land value calculated at [REDACTED] per dwelling.
- Development coverage applied at approx 60% of total area.

By acquiring this block now, the Territory is able to capture the uplift in land value before rezoning from rural to residential, as well as unlocking greater development opportunities with the surrounding blocks.

Winslade is perfectly situated between Huntly and Fairvale closing Gap between the two properties.

Attachment 4 – Demand and Supply Assumptions

Drivers of Demand

Recently, the Territory population growth rate has eased to an average rate of 1.2%. This easing is considered a temporary lull and growth will return in line with current projections, which assume an average rate of 1.5% for the next 10 years, before progressively easing to 1.1% by 2041.

A mid-range growth estimate of 1.5% is adopted for future land supply and land release planning purposes to buffer unanticipated upswings in demand. It is easier to delay the release of sites to the market than accelerate land development to meet a sudden increase in demand, which may result from changes in broader economic conditions and stimulate demand beyond what could typically be expected based only on population growth. According to Economic Development’s Housing Demand Model, a population growth rate of 1.5% will generate an annual demand for 2,800 dwelling sites while a 1.2% growth rate generates annual demand for approximately 2,000 dwelling sites.

The *ACT Planning Strategy (2012)* indicates a strategy of delivering 50% or more of new housing delivered through urban intensification. Assuming a population growth rate of 1.5% this equating currently to an annual demand of 1,400 greenfield dwelling sites.

The 4-year average over the current indicative land release program indicates an average annual release of 1,691 greenfield dwelling sites which constitutes 40% of dwelling sites delivered through greenfield estates. (Table1)

Table 1 Proportion of greenfield dwelling releases

Year	Greenfield Dwelling Sites Released	% of Dwelling sites Released
2013-14	930	39%
2014-15	1500	40%
2015-16	1650	46%
2016-17	1900	51%
2017-18	1100	24%
2018-19	2114	39%
4 year average	1691	40%

The proportion of greenfield dwelling sites proposed for release in 2017-18 is particularly low due to the significant contribution to overall number of (infill) dwelling sites from the disposal of government property assets as part of the Australian Government's asset Recycling Initiative. The indicative ARI disposal program could subject to change.

Available Supply

Housing supply in the immediate ACT-NSW region has also increased with demand in Queanbeyan being met with releases in Googong and Tralee.

Googong is a 20-25 year project yielding 5,550 dwellings with an annual release target of 270 dwellings. Initial land releases commenced in February 2012, construction commenced August 2013, and occupations February 2014.

Tralee is a 6-year project yielding 1,221 dwellings over 4 stages. Initial releases commenced in January 2014 with construction commencing November 2016-17. Strategically the, 25-year Sydney to Canberra Regional Strategy aims to provide up to 25,200 new homes for 46, 350 additional people expected to living in the region by 2031, including a minimum of 2,500 dwellings in Goulburn Mulwaree.

Ginninderra is a new urban area and residential estate proposed for the 701-hectare CSIRO land between Belconnen and Gungahlin. Preliminary plans indicate a 25-year project yielding at least 7,500 dwelling sites (6,500 blocks), with a proposed annual release of 300 dwellings. The land is highly developable and relatively unconstrained but will be subject to Commonwealth and Territory planning and approval processes. Optimistically, initial land releases could commence in 2018-19 and dwelling occupations from 2020.

Table 2 details available greenfield dwelling sites in the ACT (including NSW component of West Belconnen), planned but yet to be released to the market. Potential for dwelling sites in Gungahlin Town Centre are not included, and could contribute at least 1,000 dwellings to overall supply.

Table 2 Dwelling sites in greenfield estates (planned and not yet released)

Estate	Total Dwelling Sites
West Belconnen Total	11,500
ACT	6,500
NSW	5,000
Gungahlin Total*	6,600
Moncrieff	870
Taylor	2,500
Throsby	1,080
Jacka	1,153
Kenny	1,000
Molonglo Total	15,800
Denman Prospect	1,800
Molonglo	2,000
Molonglo 3	12,000
Total LDA Greenfield Dwelling Sites	<u>33,903</u>
<i>Ginninderra</i>	<i>7,500</i>
Total Greenfield Dwelling Sites	41,403

*does not include dwellings in Gungahlin Town Centre.

Assuming 33,900 planned greenfield dwelling sites remaining for urban development in LDA estates, and 50% of annual dwelling releases are in greenfield areas, Table 3 sets out the estimated years remaining for the current greenfield land supply. In summary,

- a medium growth scenario: equates to 24 years supply (2039), with an annual target of 1,400 greenfield dwelling sites from a population growth of 1.5%.

Table 3 Greenfield land supply – Years remaining

Dwelling Sites in Greenfield Estates						as at 2015	33,903
Scenario	Population Growth Rate	Total Dwelling Demand	Greenfield Dwelling Demand	Years Remaining	Year		
Low growth	1.2%	2,200	1,100	30.8	2046		
Medium growth	1.5%	2,800	1,400	24.2	2039		
High Growth	1.8%	3,100	1,550	21.9	2037		

Dwelling Sites in LDA Greenfield Estates						28,903
Scenario	Population Growth Rate	Total Dwelling Demand	Greenfield Dwelling Demand	Years Remaining	Year	
Low growth	1.2%	2,200	1,100	26.3	2041	
Medium growth	1.5%	2,800	1,400	20.6	2036	
High Growth	1.8%	3,100	1,550	18.6	2033.6	

Gungahlin, Molonglo & West Belconnen(ACT)

Dwelling Sites Greenfield Estates, Including Ginninderra						41,403
Scenario	Population Growth Rate	Total Dwelling Demand	Greenfield Dwelling Demand	Years Remaining	Year	
Low growth	1.2%	2,200	1,100	37.6	2052.6	
Medium growth	1.5%	2,800	1,400	29.6	2044.6	
High Growth	1.8%	3,100	1,550	26.7	2041.7	

Implications for long term land supply options

According to Economic Development's 30-year dwelling occupations forecast (by dwelling type and suburb), Gungahlin is expected to be predominantly completed by 2028 and Riverview (ACT) will be 50% released.

Molonglo 3 (north of Molonglo River) would be the only remaining greenfield area supplying detached dwelling sites, unless Ginninderra proceeds with initial releases commencing 2018-19. Molonglo 3 may have 2,000 detached house sites remaining and Ginninderra an additional 3,500 detached house sites remaining. Supply from Riverview (NSW) may not have come online by this stage, offering a further 3,500 to 4,500 detached house sites.

Housing choice would be limited with Riverview supplying more affordable housing on the urban edge, while the later stages of Molonglo supplying a premium product given its 6km proximity to the City. Ginninderra's accessibility, via Barton Highway to the Northbourne corridor, may also deliver a premium product to the market.

The risks associated with too few development fronts in relation to housing type, price and location have direct implications for housing choice and affordability.

Demand in the ACT has eased, attributed in part with the increase in housing supply in the immediate ACT-NSW region and Googong and Tralee are offering a more affordable product.

Sustained cross-border development is likely to have a corresponding impact on land sales revenue and timing of developers delivering a completed housing product to the ACT market.

Despite the focus on urban renewal, active development along the Northbourne Avenue corridor and the City, or an increase to the strategic planning target of 60% of all new dwellings delivered as urban infill (40% greenfield areas), there is an ongoing need to maintain supply of detached housing in greenfield areas.

Attachment 5 - Estimated Financial Outcome

Current \$ escalated.

	Commence 2035		Commence 2040	
	Lower \$'000	Higher \$'000	Lower \$'000	Higher \$'000
Dwellings	[REDACTED]			
Period	2035-2044	2035-2044	2040-2049	2040-2049
Revenue				
Sales	[REDACTED]			
Total Revenue	[REDACTED]			
Expenditure				
Land Purchase	7,500	7,500	7,500	7,500
Land Ready Costs	[REDACTED]			
Capital Works	[REDACTED]			
Civil/Estate Works	[REDACTED]			
Total Expenditure	[REDACTED]			
Cumulative Cash Flow (surplus)	[REDACTED]			
	[REDACTED]			

NOTES

1. Revenue and costs escalated at 2.5 %.
2. NPV calculated on annual cash flow.
3. Sale rate of 400 dwelling per annum.
4. Summary provided on two commencement dates 2035 and 2040 with an assumed 10 years sales program.
5. Revenue – low = [REDACTED] per block and high = [REDACTED] per block (pre escalation)
6. Civil Estate Works - [REDACTED]
7. Capital works – [REDACTED]