



Ordinary Meeting of Council

AGENDA

**Thursday 19 April 2018, 6:00pm
City of Joondalup
90 Boas Avenue, Joondalup**

Constituent Members: Cities of Perth, Joondalup, Stirling, Vincent and Wanneroo
Towns of Cambridge and Victoria Park

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TAMALA PARK REGIONAL COUNCIL

Councillors of the Tamala Park Regional Council are advised that the ordinary meeting of Council will be held in the Council Chambers at the City of Joondalup, 90 Boas Avenue, Joondalup on Thursday 19 March 2018 at 6:00pm.

The business papers pertaining to the meeting follow.

Your attendance is requested.

Yours faithfully

TONY ARIAS

Chief Executive Officer

MEMBERSHIP

OWNER COUNCIL	MEMBER	ALTERNATE MEMBER
Town of Cambridge	Cr Andres Timmermanis	Cr Jo McAllister
City of Joondalup	Cr John Chester Cr Nige Jones	Cr Sophie Dwyer Cr Christine Hamilton-Prime
City of Perth	Commissioner Andrew Hammond	Chair Commissioner Eric Lumsden
City of Stirling	Cr Karen Caddy Cr Joe Ferrante Cr Giovanni Italiano (CHAIRMAN) Cr Bianca Sandri	Cr Suzanne Migdale
Town of Victoria Park	Cr Claire Anderson	Cr Ronhhda Potter
City of Vincent	Mayor Emma Cole	Cr Jimmy Murphy
City of Wanneroo	Cr Samantha Fenn Cr Brett Treby (DEPUTY CHAIRMAN)	Cr Russell Driver Cr Domenic Zappa

Representatives from the Satterley Property Group will be in attendance at the meeting.

PRELIMINARIES

1. OFFICIAL OPENING

DISCLOSURE OF INTERESTS

2. PUBLIC STATEMENT/QUESTION TIME

3. APOLOGIES AND LEAVE OF ABSENCE

4. PETITIONS

5. CONFIRMATION OF MINUTES

Council Meeting – 15 February 2018

5A BUSINESS ARISING FROM MINUTES

6. ANNOUNCEMENTS BY CHAIRMAN (WITHOUT DISCUSSION)

7. MATTERS FOR WHICH MEETING MAY BE CLOSED

8. REPORTS OF COMMITTEES

Management Committee Meeting – 15 March 2018

9. ADMINISTRATION REPORTS AS PRESENTED (ITEMS 9.1 – 9.14)

9.1 BUSINESS REPORT – PERIOD ENDING 10 APRIL 2018

Report Information

Reporting Officer: Project Coordinator

Recommendation

That the Council RECEIVES the Business Report to 10 April 2018.

Voting Requirements

Simple Majority

Report Purpose

To advise Council of matters of interest not requiring formal resolutions.

Relevant Documents

Appendix:

- Landscape Schedule and Program FYE 2018
- Foreshore Access Plans

Background

The business of the Council requires adherence to many legislative provisions, policies and procedures that aim at best practice. There are also many activities that do not need to be reported formally to the Council but will be of general interest to Council members and will also be of interest to the public who may, from time to time, refer to Council minutes.

In the context of the above, a Business Report provides the opportunity to advise on activities that have taken place between meetings. The report will sometimes anticipate questions that may arise out of good governance concerns by Council members.

Comment

1. Civil Construction - Status

Stage 17B (Catalina Central)

Stage 17B comprises 36 lots ranging in size from 245m² to 450m². Civil construction works commenced on 13 November 2017, with Practical Completion achieved on 6 March 2018.

2. Landscape works – Status

A status report on landscape works proposed for the balance of FYE 2018 is attached at Appendix 9.1. The report details budget, detailed design and approval status and program.

3. Housing Construction

The following table provides an overview of the current progress of housing construction to date.

Stage	Total Lots	Under Construction	Completed	Vacant
Stages 1 - 11	529	2	509	18
Stage 12	49	2	44	3
Stage 13	82	4	74	4
Stage 14	73	4	69	0
Stage 15	55	1	50	4
Stage 17A	25	9	5	11
Stage 17B (Release 1)	18	0	0	18
Stage 18A	29	4	25	0
Stage 18B	31	10	0	21
Stage 25 (Display Village)	15	5	0	10
Stage 25	21	3	0	18
Stage 25B	7	0	0	7
Total	934	44	776	114

4. Builders Display Village 3 (Catalina Beach)

The Catalina Beach Builders Display Village and Sales Office is due to open in October 2018, following the closure of Builders Display Village 2 (Central Precinct). Construction has commenced on nine Display Homes, with the remaining builders' display homes approved and anticipated to commence construction by the end of April.

5. Catalina Beach Sales Office

The Catalina Beach Sales Office building has received planning approval. The Sales Office comprises a three-storey dwelling with significant presence to the Project's entry, into Catalina Beach.

The Contract Documentation has been finalised and construction commenced on 19 March 2018.

6. Local Centre Site - Update

The Contract of Sale has been executed by the Purchaser and TPRC. Settlement is anticipated in early May 2018.

7. Foreshore Access Proposal

The TPRC lodged a Foreshore Management Plan (FMP) with the Department of Planning, Lands and Heritage and the City of Wanneroo on 22 December 2017 to support a coastal access road and car park from the western edge of Catalina to provide local access to a safe beach for the local community.

An additional round of comments was received by the City of Wanneroo on 12 March 2018. A total of 22 items remain outstanding, of which approximately 50% can be accommodated. The SPG is considering the position of the FMP and will present a summary for TPRC's consideration.

It should also be noted that the Department of Planning, Lands and Heritage has stated that it will not consider the FMP until a Development Application has been submitted. The City of Wanneroo has outlined that execution of any applications is premature and documents will not be signed until agreement is reached on outstanding items with the City of Wanneroo.

8. Catalina Beach Pump Station

The Catalina Beach Pump Station works commenced in October 2017. Works are progressing well, with completion of the Pump Station formally received on 27 March 2018 and commissioning to occur in early April 2018.

9. Catalina Beach Park

The Catalina Beach Park, located at the entry to Catalina Beach was completed in early March. The Park provides high amenity and is a key feature of Catalina Beach. It includes an 8m play tower, with associated play equipment, a significant number of mature transplants and shelters/seating. Photos of the Park are included in the Landscape Schedule attached as Appendix 9.1.

As per the approved Community Development and Marketing Plans a community event to celebrate the opening of the Park was held on Saturday 10 March 2018 with over 1,500 people in attendance.

9.2 STATEMENTS OF FINANCIAL ACTIVITY FOR THE MONTHS OF JANUARY & FEBRUARY 2018

Report Information

Reporting Officer: Chief Executive Officer

Recommendation

That the Council RECEIVES and NOTES the Statements of Financial Activity for the months ending:

- **31 January 2018; and**
- **28 February 2018.**

Voting Requirements

Simple Majority

Report Purpose

Submission of the Statement(s) of Financial Activity required under the *Local Government Act 1995*.

Relevant Documents

Appendix:

- Statement of Financial Activity for 31 January 2018
- Statement of Financial Activity for 28 February 2018

Local Government Act/Regulation

- *Local Government Act 1995*: Sect 6.4(1): Financial Report Required
- *Local Government (Financial Management) Regulations 1996*: Regulation 34 Composition of Report
- *Local Government (Financial Management) Regulations 1996*: Regulation 34 (5) Material Variance Reports [10%]
- *Local Government (Audit) Regulations 1996*: Regulation 14 Compliance Audit Item

Background

It is a mandatory requirement that the Council receives, reviews and records in the Regional Council's public minutes a statement of financial activity showing annual budget estimates and the figures for budget estimates, income and expenditure and variances at the end of each month. The report is also to show the composition of assets and other relevant information.

Comment

The detailed Statements contained in the Appendices reflect the budget proposals and direction adopted by the Council.

Variances at 28 February 2018 exceeding 10% were experienced in relation to the following:

Employee Costs	The positive variation is a result of timing and will adjust during the year.
Materials and Contracts	The positive variation relates to consultancy fees which will adjust during the year but are expected to remain below budget.
Utilities	The positive variance is a result of timing and will adjust during the year.
Income Sale of Lots - Subdivisions	The negative variance is due to fewer residential lot settlements, forecast to remain unfavourable for the balance of FYE 2018.
Income Other - Subdivisions	The negative variance is due to the delay in settlement of the Local Centre Site, now forecast for May 2018.
Land Production Costs	The positive variance relates to deferred works and savings, forecast to remain favourable for the balance of FYE 2018.
Profit distribution / Contributions Returned	The negative variance is a result of timing and will adjust during the year, \$2M distribution occurred in December 2017.

The information in the appendices is summarised in the tables following.

Financial Snapshot as at 28 February 2018

**TAMALA PARK REGIONAL COUNCIL
FINANCIAL SNAPSHOT
FOR THE PERIOD ENDING 28 FEBRUARY 2018**

	2017-18 Adopted Budget	2017-18 Budget YTD	2017-18 Actual YTD	Variance		Variance %
				Favourable	Unfavourable	
Revenue	\$	\$	\$	\$	\$	%
Interest Earnings	793,512	616,432	677,306	60,874		9.88%
Other Revenue	2,035	2,030	2,030			
	\$795,547	\$618,462	\$679,336	\$60,874	\$0	
Less Expenditure						
Depreciation	(21,212)	0	0			
Employee Costs	(751,838)	(491,279)	(351,677)	139,602		28.42%
Insurance	(10,469)	(10,894)	(10,894)			
Materials and Contracts	(482,916)	(305,496)	(91,596)	213,900		70.02%
Other	(181,955)	(135,029)	(126,480)	8,549		6.33%
Utilities	(6,450)	(4,300)	0	4,300		100.00%
Members Equity						
-Income Sale of Lots - Subdivisions	40,372,252	23,862,709	19,053,260		(4,809,449)	-20.15%
-Income Other - Subdivisions	1,761,500	1,841,500	0		(1,841,500)	-100.00%
-Land Production Costs	(55,659,496)	(29,596,281)	(9,287,952)	20,308,329		68.62%
-Profit distribution/Contributions Returned	(4,268,725)	0	(2,078,501)		(2,078,501)	-100.00%
	(\$19,249,309)	(\$4,839,070)	\$7,106,160	\$20,674,680	(\$8,729,450)	
Total Change in Equity	(\$18,453,762)	(\$4,220,608)	\$7,785,496	\$20,735,554	(\$8,729,450)	

Balance Sheet Summary as at 28 February 2018

TAMALA PARK REGIONAL COUNCIL
STATEMENT OF FINANCIAL POSITION
AS AT 28 FEBRUARY 2018

	Actual 2016-17 \$	Actual 2017-18 \$	Variance \$	Variance %
Current assets				
Cash and cash equivalents	39,213,368	47,049,289	7,835,921	19.98%
Trade and other receivables	308,308	299,967	(8,341)	-2.71%
Total current assets	39,521,676	47,349,256	7,827,580	19.8%
Non-current assets				
Inventories	1,800,000	1,800,000	0	0.00%
Property, plant and equipment	149,880	149,880	0	0.00%
Total non-current assets	1,949,880	1,949,880	0	0.00%
Total assets	41,471,556	49,299,136	7,827,580	18.87%
Current liabilities				
Trade and other payables	51,753	93,837	-42,084	-81.32%
Provisions	223,746	223,746	0	0.00%
Total current liabilities	275,499	317,583	-42,084	-15.3%
Non-current liabilities				
Provisions	2,597	2,597	0	0.00%
Total non-current liabilities	2,597	2,597	0	0.00%
Total liabilities	278,096	320,180	-42,084	-15.13%
Net assets	41,193,460	48,978,956	7,785,496	18.90%

9.3 LIST OF MONTHLY ACCOUNTS SUBMITTED FOR THE MONTHS OF JANUARY & FEBRUARY 2018

Report Information

Reporting Officer: Chief Executive Officer

Recommendation

That the Council RECEIVES and NOTES the list of accounts paid under Delegated Authority to the CEO for the months of January and February 2018:

- **Month ending 31 January 2018 (Total \$416,409.05)**
- **Month ending 28 February 2018 (Total \$1,616,897.69)**
- **Total Paid - \$2,033,306.74**

Voting Requirements

Simple Majority

Report Purpose

Submission of payments made under the CEO's Delegated Authority for the months ending 31 January 2018 and 28 February 2018.

Relevant Documents

Appendix:

- Summary Payment List for January 2018
- Summary Payment List for February 2018

Local Government Act/Regulation

- *Local Government Act 1995: Sect 5.42 - Delegation given for Payments*
- *Local Government (Financial Management) Regulations 1996: Regulation 13(1) - Monthly Payment list required*
- *Local Government (Audit) Regulations 1996: Regulation 13 - Compliance Audit Item*

Background

A list of accounts paid under delegation or submitted for authorisation for payment is to be submitted to the Council at each meeting. It is a specific requirement of Regulations that list state the month (not the period) for which the account payments or authorisation relates.

Comment

Payments made are in accordance with authorisations from Council, approved budget, TPRC procurement and other relevant policies.

Payments are reviewed by TPRC Accountants Moore Stephens following completion of each month's accounts.

9.4 PROJECT FINANCIAL REPORT – FEBRUARY 2018

Report Information

Reporting Officer: Chief Executive Officer

Recommendation

That the Council RECEIVES the Project Financial Report (February 2018) submitted by the Satterley Property Group.

Voting Requirements

Simple Majority

Report Purpose

To consider the Project Financial Report for February 2018 submitted by the Satterley Property Group.

Policy Reference

N/A

Local Government Act/Regulation

N/A

Previous Minutes

N/A

Financial/Budget Implications

Review of Project Financial Report for February 2018.

Relevant Documents

Appendix: Letter from Satterley Property Group dated 21 March 2018 with Financial Report

Background

At its meeting of 17 August 2017, the Council approved the Project Budget FYE 2018, submitted by the Satterley Property Group, as the basis of financial planning for the 2017/2018 TPRC Budget.

KPI 4.8 of the Development Managers Key Performance Indicators; Financial, requires the preparation of monthly financial reports.

Comment

The Satterley Property Group has prepared a Financial Report for February 2018 for the Project. The report has been prepared on a cash basis and compares actual expenditure to

approved budget expenditure for the period up to 28 February 2018 and is attached at Appendix 9.4.

The Financial Report identifies the following main areas of variance:

1. Settlement revenue was \$19.3M which is \$7.5M behind budget with 26 less residential settlements for the year to date.
2. Expenditure was \$18.0M under budget, in the following areas:
 - Lot Production \$6.4M;
 - Landscape \$5.0M;
 - Infrastructure \$3.9M;
 - P&L expenditure \$2.1M.

The Satterley Property Group Financial Report provides greater details on the variations.

3. Lot Sales Value was \$13.0M unfavourable to budget due to 41 less lot sales year to date.

Satterley Property Group representatives will be in attendance to present the report.

9.5 SALES AND SETTLEMENT REPORT – PERIOD ENDING 10 APRIL 2018

Report Information

Reporting Officer: Project Coordinator

Recommendation

That the Council RECEIVES the Sales and Settlement Report to 10 April 2018.

Voting Requirements

Simple Majority

Report Purpose

To advise the Council of the status of sales, settlements and sales releases.

Policy Reference

N/A

Local Government Act/Regulation

Local Government Act 1995: Sect 3.58 – Disposal of Property.

Previous Minutes

N/A

Financial/Budget Implications

Income under this matter will be posted under item I145011 (Income on Lot Sales):

Budget Amount:	\$ 25,844,383
Received to Date:	\$ 19,631,559
Balance:	\$ 6,212,824

Relevant Documents

Appendix: Staging Plan

Background

The Sales and Settlement Report provides the Council with a status update of sales and settlements for the Project.

The Staging Plan provided under Appendix 9.5 identifies the extent of the stage boundaries referenced within the report.

Comment

The following table provides a summary of the Sales and Settlement position for lots released up to 10 April 2018:

Stage	Release Date	Lots Released	Lot Sizes	Sold	Stock	Settled
Stages 1 – 11, 12A, 12B, 13A, 13B, 14A, 14B, 14C, 14D, 15A, 15B, 15C and Stage 25 DV	-	791	-	791	0	791
Stage 14B (Release 2)	July 2016	10	262-329	10	0	8
Stage 15D	Sep 2016	2	375-376	2	0	1
Stage 17A	Oct 2016	25	300-510	23	2	21
Stage 17B	Nov 2017	18	300 - 450	4	14	0
Stage 18A	March 2016	29	300-510	29	0	27
Stage 18B	March 2017	31	200-474	21	10	16
Stage 25	May 2017	21	300-450	9	12	7
Stage 25 B	October 2017	7	234 - 299	7	0	5
Total		934		896	38	876

During March 2018, no lots were sold at Catalina Estate. The SPG has advised that sales are lower than anticipated due to a competitive market including the established housing market where the ability for buyers to purchase established houses below current house and land package prices available at Catalina, as well as the introduction of Kinross Estate (part of the Burns Beach Development).

The SPG has advised that although behind on lot sales, the Project is positioned well from a marketing and landscape perspective with additional landscape works and upgrades to be undertaken in the lead up to the end of the Financial Year.

The Project currently has a stock position of 38 lots, 12 in Catalina Beach and 26 in Catalina Central.

The following table provides a summary of lot sizing and commentary of current “Aged Stock” on hand. Aged Stock refers to lots that have been on the market for longer than 6 months.

Stage	Lot Number	Release Date	Price	M ²	Comment
17A	951	October 2016	\$335,000	450	Vehicular access restriction to one side of lot due to drainage grate and drainage manhole.
17A	979*	October 2016	\$335,000	450	Regular Lot, 15m frontage.
18B	869	March 2017	\$348,000	474	Positioned directly opposite proposed Grouped Housing Site.
18B	873	March 2017	\$308,000	395	Positioned directly opposite proposed Grouped Housing Site.
18B	876	March 2017	\$274,000	338	Positioned directly opposite proposed Grouped Housing Site.

18B	878	March 2017	\$298,000	375	Mandatory garage location restricts designs / causing increase in cost of changing house design.
18B	895	March 2017	\$298,000	375	Regular Lot, 12.5m frontage.
18B	897	March 2017	\$308,000	395	Regular Lot, 12.5m frontage
18B	898	March 2017	\$335,000	447	Regular Lot, 14.9m frontage
18B	899*	March 2017	\$260,000	291	Corner Lot, quiet house design requirement.
18B	901*	March 2017	\$265,000	300	Quiet house design requirement.
18B	903	March 2017	\$335,000	447	Regular Lot, 14.9m frontage

* Subject to \$8,000 Early Construction Rebate.

The Aged Stock is actively being sold down by the SPG. A report on re-pricing which includes the Aged Stock lots has been prepared for consideration under item 9.6 of this Agenda.

Northern Corridor Estates Analysis

The following table provides a summary of gross sales at developments in the northern corridor.

The SPG has expressed caution that these sales results are indicative only based on information that the SPG is able to obtain in the marketplace.

Estate	Sales												total	Size Range (m ²)	Price Range
	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb			
Allara	10	6	0	9	1	8	8	6	7	5	7	13	80	300-777	\$132,000-\$224,000
Eden Beach	11	7	11	12	4	7	11	10	12	4	4	10	103	225-530	\$185,000-\$410,000
Catalina Central	8	8	8	11	8	7	16	9	9	7	2	2	95	234-474	\$235,000-\$348,000
Alkimos Beach	9	12	14	11	11	8	25	22	19	14	14	13	172	240-823	\$120,000-\$348,000
Amberton	12	4	5	8	3	10	9	8	4	0	5	6	74	188-505	\$195,000-\$290,000
Shorehaven	3	5	2	1	4	1	4	0	4	3	5	2	34	217-360	\$169,000-\$285,000
Trinity	7	5	8	13	7	6	5	15	12	8	5	9	100	180-510	\$138,000-\$398,000
Kinross Estate*	0	0	0	0	0	0	0	0	0	0	6	5	11		
Total	60	47	48	65	38	47	78	70	67	41	48	60	669		
CATALINA NORTHERN CORRIDOR (%)	13.3%	17.0%	16.7%	16.9%	21.1%	14.9%	20.5%	12.9%	13.4%	17.1%	4.2%	3.3%	14.2%		
CATALINA 3 MONTH AVERAGE (%)			15.67%	16.87%	18.21%	17.62%	18.82%	16.09%	15.60%	14.45%	11.56%	8.19%			

**Kinross Estate is not on the Competitors Report. Details obtained from information available on the Peet webpage.*

Catalina's market share has declined from an average of 16.5% to 14.2% over the 12 months to February 2018, however is still above average compared to most northern corridor estates.

It was noted that Alkimos Estate achieved high sales from September to November 2017. The high sales were attributed to low lot pricing and significant incentives, including referral fees. A summary of available stock in the corridor is provided in the following table. The table indicates that generally Burns Beach is the most expensive estate. Catalina Beach is the most expensive for 300m² lots and Burns Beach has the most expensive lots 450m² and above.

Estate	225sqm Price (\$)	300sqm Price (\$)	375sqm Price (\$)	450sqm Price (\$)	500sqm + Price (\$)	Total Dwellings	Stock
Allara	159,000	169,000	199,000	221,000	219,000	3,405	33
Burns Beach	N/A	N/A	535,000 – 550,000	475,000	510,000 – 755,000	1,580	17
Kinross Estate	N/A	N/A	295,000 – 305,000	330,000	342,000 – 355,000	67	9
Eden Beach	175,000 – 205,000	N/A	299,000	335,000	285,000 - 410,000	1,100	44
Catalina Central	N/A	257,000	298,000	335,000	348,000 (474sqm)	2,480	26
Catalina Beach	N/A	320,000	380,000	425,000	N/A		12
Alkimos Beach	182,000	230,000	257,000	265,000	N/A	2,413	52
Amberton	178,000	187,000 – 220,000	220,000 – 256,000	256,000 – 283,000	N/A	2,500	35
Shorehaven	154,000- 280,000	170,000 - 250,000	249,000	280,000	N/A	2,800	48
Trinity	N/A	N/A	220,000	253,000	398,000	2,500	15
TOTAL							289

The SPG has advised that competition amongst estates operating in the northern corridor remains highly competitive, with offers, rebates and builder referrals available across most estates. It is important to note that the majority of operating estates in the northern corridor are not considered as direct competitors to the Catalina Estate as Catalina is considered an infill project compared to the other Estates further north.

Despite a perceived increase in consumer confidence, the SPG notes that prospective buyers continue to remain cautious and take the time to research their available options and incentives prior to committing to purchasing. The established homes market also continues to provide significant competition to lot sales.

Catalina Beach - Stage 25B Builders Allocation Tender

Stage 25B Builders Allocation Tender for exclusive allocations to builders in accordance with the approved Lot Sales and Release Strategy closed on 30 January 2018. Two submissions were received and have been assessed and hold allocations were awarded to Terrace and Residential Building WA. The builders have indicated that there has been positive interest from prospective purchasers to their proposed house and land packages and are confident of selling the house and land packages.

Satterley Property Group representatives will be in attendance to present the Sales and Settlement report.

9.6 PROPOSED REPRICING OF LOTS (STAGES 14B, 17A AND 18B)

Report Information

Reporting Officer: Project Coordinator

Recommendation

That the Council:

1. **RECEIVES** the recommended repricing of lots within Stages 17A and 18B (dated 21 February 2018), prepared by Satterley Property Group.
2. **APPROVES** the lot pricing for the unsold lots in Stages 17A and 18B based on the higher value of the Satterley Property Group’s pricing (21 February 2018) and the valuation by the Council appointed valuer as follows:

Lot 951	\$330,000	Lot 895	\$290,000
Lot 979	\$330,000	Lot 897	\$299,000
Lot 869	\$337,000	Lot 898	\$325,000
Lot 873	\$299,000	Lot 899	\$255,000
Lot 876	\$266,000	Lot 901	\$260,000
Lot 878	\$290,000	Lot 903	\$325,000

3. **APPROVES** the removal of the Early Construction Rebate from Lots 899, 901 and 979.
4. **ADVISES** the Satterley Property Group that the Council will not consider applying the Early Construction Rebate to lots that have been repriced for a period of three months from the date of the approved reprice.

Voting Requirements

Simple Majority

Report Purpose

To consider SPG recommended repricing of lots within Stages 14B, 17A & 18B.

Policy Reference

N/A

Previous Minutes

N/A

Financial/Budget Implications

Reduced Income under this matter will be posted under item I145011 (Income on Lot Sales):

Budget Amount: \$ 25,844,383
 Received to Date: \$ 19,631,559
 Balance: \$ 6,212,824

Relevant Documents

Appendix: Letter from Satterley Property Group dated 21 February 2018

Background

At its meeting of 17 August 2017, the Council approved the Project Budget 2017/2018, submitted by the Satterley Property Group. The Project Budget includes lot values for the various stages to be released during the year.

The approved lot pricing practice at Catalina involves obtaining recommended lot pricing from the Development Manager and a lot valuation from the Council appointed Valuer, with the higher value determining the sale price. In the event that the lot pricing, based on the lot pricing practice, is less than the lot values for a stage in the Project Budget then lot pricing is referred to Council for approval.

Comment

The SPG has reviewed pricing of lots in Stages 14B, 17A & 18B which were released for sale over 12 months ago and remain unsold. A copy of the SPG advice and recommendations is attached at Appendix 9.6.

In accordance with the TPRC’s pricing practice, current lot valuations have been obtained from the Council’s appointed valuer.

The table below shows current pricing, SPG recommended lot pricing and current lot valuations.

Stage	Lot Number	Months on Market	Budget/Current Price	SPG Recommended Price	Valuer’s Valuation
17A	951	17	\$335,000	\$323,000	\$330,000
17A	979	17	\$335,000	\$323,000	\$330,000
18B	869	13	\$348,000	\$337,000	\$330,000
18B	873	13	\$308,000	\$299,000	\$295,000
18B	876	13	\$274,000	\$266,000	\$265,000
18B	878	13	\$298,000	\$289,000	\$290,000
18B	895	13	\$298,000	\$289,000	\$290,000
18B	897	13	\$308,000	\$299,000	\$295,000
18B	898	13	\$335,000	\$323,000	\$325,000
18B	899	13	\$260,000	\$252,000	\$255,000
18B	901	13	\$265,000	\$257,000	\$260,000
18B	903	13	\$335,000	\$323,000	\$325,000
			\$3,699,000	\$3,580,000	\$3,590,000

It is noted that the SPG repricing recommendation includes a further two aged stock lots (773 and 931) which have been contracted in the last two weeks at the current approved pricing.

Highlighted pricing represents the higher value between the SPG's recommended pricing and the valuer's valuation.

The recommended SPG lot pricing includes reductions below approved Project Budget ranging from \$8,000 to \$12,000 and in total \$119,000. The valuer's valuation would result in sales revenue \$109,000 below the approved Project Budget for FYE 2018 and therefore would require Council approval.

If the SPG recommended repricing is supported by Council it would involve a number of lots being below the market value as determined by valuation and therefore Council would be required to make a resolution consistent with Section 3.58(4)(c)(ii).

The Council has previously received advice from McLeods - Barristers & Solicitors, indicating that the *Local Government Act 1995* does not preclude the Council from selling land for less than the market value of that land as ascertained by a valuation. Although a local government (or regional local government) may generally seek a sale price that is higher than the market value, there is no obligation, legal or otherwise, to pursue that outcome.

The legal advice indicates that the overriding legal obligation is for the TPRC to exercise its judgment in determining how best to achieve the regional purpose, as set out in its Establishment Agreement, for the good government of persons in the region.

There would appear to be no obligation, legal or otherwise for Council to set a lot sale price that is higher than the market value, to pursue that outcome. However, there is concern that it will start a trend in terms of the Catalina Project following competitors in order to achieve sales targets.

The lots proposed for repricing have all been on the market for over 12 months and are considered Aged Stock. It should be noted that the \$8,000 Early Construction Rebate currently applies to three lots (899, 901 and 979) proposed for repricing. The SPG has advised that if the repricing is approved the Early Construction Rebate should be removed from lots 899, 901 and 979.

The options available to the TPRC are:

- Maintain the pricing as per the current budget pricing, which is likely to result in the lots being on the market for a longer period;
- Maintain the pricing as per the budget and apply the \$8,000 Early Construction Rebate to the lots, which is likely to result in more interest in the lots;
- Accept the SPG recommended pricing (\$119,000 below budget) and make the appropriate resolution under Section 3.58(4)(c)(ii); and
- Accept the higher pricing of the TPRC appointed valuer's recommended pricing and the SPG's recommended pricing (\$93,000 below budget).

At its meeting of 12 October 2017, the Council considered a similar request and approved a price reduction on 3 lots to a value of \$15,000 below budget. The approved reduced pricing was based on the higher value of the SPG pricing and the valuation provided by the Council appointed valuer.

As of April 2018, 43 lots have been sold which is 41 lots behind the year to date budget of 84 lots and total budget of 118 lots. The approved SPG Mid-Year Budget Review took into account that sales targets were not being achieved and deferred expenditure to reflect the expected reduction in revenue.

The lots subject to repricing recommendations by the SPG have been on the market for a significant period of time and represent over \$3M in lot values.

The \$8,000 Early Construction Rebate which has been applied to Aged Stock has been successful in gradually selling Aged Stock. However, the SPG considers repricing of the lots may generate greater purchaser enquiry and sales.

The SPG has recently requested, by separate correspondence, that the Early Construction Rebate be applied to 5 lots which are currently the subject of the repricing proposal. The SPG has verbally indicated the request for the Early Construction Rebate is to generate sales interest prior to Council's consideration of the repricing proposal. As noted in this report the SPG has recommended that if the repricing is approved by the TPRC that the rebate is removed from the lots. This matter was not available for consideration by the Management Committee at its meeting of 15 March 2018.

Given the imminent consideration by Council of the repricing proposal it was considered that the SPG's request relating to the Early Construction Rebate should be deferred. It is noted that the lots in question are proposed to be reduced in price between \$5,000 and \$11,000.

The SPG has not provided a recommendation on when the application of the Early Construction Rebate could potentially be considered for the repriced lots, however, it has acknowledged that it should not be applied for a few months. It is considered that three months after the reprice has been applied should allow the market sufficient time to consider the repriced lots and gauge the effectiveness of the repricing proposal.

It is recommended that the Council approves the higher pricing of the TPRC appointed valuer's recommended pricing and the SPG's recommended pricing, in accordance with Council's approved pricing practice.

It is further recommended that Council approves the removal of the Early Construction Rebate on lots 899, 901 and 979 and that the Early Construction Rebate on the repriced lots not be considered until three months after the reprice has been applied, which should allow the market sufficient time to consider the repriced lots.

At its meeting of 15 March 2018, the Management Committee considered a report on Proposed Repricing of Lots (Stages 14B, 17A and 18B) and resolved to recommend that Council:

- 1. RECEIVES the recommended repricing of lots within Stages 14B, 17A and 18B (dated 21 February 2018), prepared by Satterley Property Group.*
- 2. APPROVES the lot pricing for the unsold lots in Stages 14B, 17A and 18B based on the higher value of the Satterley Property Group's pricing (21 February 2018) and the valuation by the Council appointed valuer.*

Since the Management Committee meeting of 15 March 2018, one lot has been the subject of a contract cancellation and should be repriced in line with the Management Committee recommendation to Council.

9.7 REVIEW OF CATALINA SALES OFFICE OPENING HOURS

Report Information

Reporting Officer: Project Coordinator

Recommendation

That the Council:

- 1. RECEIVES the Satterley Property Group correspondence (1 March 2018) on the trial opening hours for the Catalina Sales Office.**
- 2. APPROVES the extension of the current trial Sales Office opening hours (approved by Council in April 2017) for a further 12 months, until the end of April 2019, subject to the same terms and conditions.**
- 3. REQUESTS the Satterley Property Group to provide a comprehensive report on the operation of the trial Sales Office opening hours, including advice on northern corridor estates, sales against budget and feedback from the public and display builders by April 2019.**
- 4. DELEGATES to the CEO authority to determine Sales Office opening hours, subject to no further reduction to weekend opening hours and the Sales Office opening hours being similar to northern corridor estates.**

Voting Requirements

Absolute Majority

Report Purpose

To consider a report from the Satterley Property Group on the trial Sales Office opening hours at Catalina.

Policy Reference

N/A

Local Government Act/Regulation

N/A

Previous Minutes

Council Meeting – 20 April 2017 (Item 9.7 – Review of Catalina Sales Office Opening Hours)

Financial/Budget Implications

N/A

Relevant Documents

Appendix: Satterley Property Group correspondence dated 1 March 2018.

Background

At its meeting of 19 August 2010, the Council approved the Development Management Agreement (17 August 2010) between TPRC and the Satterley Property Group (SPG). The Development Management Agreement (DMA) affirmed the SPG tender proposal that the Sales Office would be opened 10am – 5pm Monday to Thursday, Saturday and Sunday.

At its meeting of 11 December 2014, the Council approved a request from the SPG to vary the Catalina Sales Office opening hours to Monday – Sunday 12pm – 5pm, with the office closed on Thursday, for a 12-month period, subject to the SPG providing 2 sales representatives to work at the Catalina Sales Office. The SPG was requested to report on the trial of the revised opening hours for the Catalina Sales Office based on sales against budget and feedback from the public and display builders.

Following further reporting from the SPG the Council approved the extension of the trial Sales Office opening hours in February 2016, October 2016 and April 2017. As part of Council’s April 2017 approval, it requested the SPG to provide a comprehensive report on the operation of the revised Sales Office opening hours, including advice on northern corridor estates, sales against budget and feedback from the public and display builders to be presented for Council’s consideration at its April 2018 meeting.

Comment

The SPG has provided a report on the operation of the trial opening hours and requested the current trial Sales Office opening hours be extended until April 2019. A copy of the SPG correspondence is attached at Appendix 9.7.

The SPG has indicated that over the past seven months the Sales Office has been operating well even though budgeted sales for the past eight months are 41 lots below budget. It has noted the overall softened market conditions and low traffic levels as contributing to the below budget sales.

The use of two sales staff provides a good level of services to the public and builders, with market share being maintained.

A comparison of the original Development Management Agreement hours and current trial opening hours is provided below.

Day	DMA - Opening Hours	Trial - Opening Hours
Monday	10am – 5pm (1 x Sales Rep.)	12pm – 5pm (2 x Sales Reps.)
Tuesday	10am – 5pm (1 x Sales Rep.)	12pm – 5pm (2 x Sales Reps.)
Wednesday	10am – 5pm (1 x Sales Rep.)	12pm – 5pm (1 x Sales Rep.)
Thursday	10am – 5pm (1 x Sales Rep.)	Closed
Friday	Closed	12pm – 5pm (1 x Sales Rep.)
Saturday	10am – 5pm (1 x Sales Rep.)	12pm – 5pm (2 x Sales Reps.)
Sunday	10am – 5pm (1 x Sales Rep.)	12pm – 5pm (2 x Sales Reps.)
Total Hours Open	42 hours	30 hours
Total Staff Hours	42 hours	50 hours

The current opening hours for the Sales Office were approved by Council on a trial basis only. At the time it was acknowledged that this was a significant departure from the Development

Management Agreement which required the Sales Office to be open six days a week for longer hours.

The SPG has provided the following information on Sales Office days/opening hours of estates in the northern corridor, including SPG estates.

Estate	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Sunday	Hours
Brighton	12pm-5pm	12pm-5pm	12pm-5pm	12pm-5pm	CLOSED	12pm-5pm	12pm-5pm	30
Eden Beach	12pm-5pm	12pm-5pm	12pm-5pm	12pm-5pm	CLOSED	12pm-5pm	12pm-5pm	30
Trinity	2pm-5pm	CLOSED	CLOSED	CLOSED	CLOSED	1pm-5pm	1pm-5pm	11
Alkimos Beach	10am-5pm	10am-5pm	10am-5pm	10am-5pm	10am-5pm	10am-5pm	10am-5pm	49
Shorehaven	1pm-5pm	1pm-5pm	1pm-5pm	CLOSED	CLOSED	1pm-5pm	1pm-5pm	20
Amberton	1pm-5pm	10am-5pm	10am-5pm	10am-5pm	10am-5pm	10am-5pm	10am-5pm	46
Allara	12pm-5pm	12pm-5pm	12pm-5pm	CLOSED	CLOSED	10:30am-5pm	10:30am-5pm	28
Burns Beach	1pm-5pm	1pm-5pm	1pm-5pm	CLOSED	CLOSED	12pm-5pm	12pm-5pm	22
Catalina	12pm-5pm	12pm-5pm	12pm-5pm	CLOSED	12pm-5pm	12pm-5pm	12pm-5pm	30

The table indicates that two out of the eight northern corridor estates have Sales Offices that are open 7 days/week and have longer opening hours. Two have the same operating hours as Catalina. The remaining four estates are open five days or less and have lower opening hours than Catalina. It is worth noting that over the FYE 2018 to date, Catalina has achieved more lot sales than Amberton but less than Alkimos, which have Sales Offices that are open for seven days.

The SPG notes that in the past 12 months, that Trinity, Allara and Alkimos have reduced their opening hours while Amberton is the only estate to increase their hours in the last 12 months.

The SPG has highlighted the importance of maintaining a strong relationship with the builders as a number of leads are currently being generated by the builders. The current trial arrangement has two sales staff in the Sales Office on four days which allows the builders to be well serviced, while maintaining a presence at the office.

The SPG has advised that no complaints have been received from the public in relation to access to the Sales Office.

The options available to the TPRC are:

1. Require opening hours in accordance with the Development Management Agreement - Sales Office is open six days a week, with one sales representative in attendance during opening hours;
2. Agree to an extension of the current trial opening hours - Sales Office is open six days a week, with two sales representatives during the majority of opening hours.

As already indicated the current Sales Office opening hours represents a reduction from the Development Management Agreement of 42 hours to 30 hours. Based on visitor traffic, feedback from builders and Catalina's current market share, the trial Sales Office opening hours are considered to be meeting the needs of the prospective purchasers and builders at the present time.

It is acknowledged that the current sale rates are below budget and that market conditions are difficult, however, the current hours and additional sales representative in the office from Saturday to Tuesday is considered to be a better option for servicing the public and builders as opposed to the original hours and days under the DMA.

The extension to the trial operating hours for the Sales Office (approved by Council in December 2014) for a further 12 months is supported. It is further recommended that the Satterley Property Group be requested to provide a comprehensive report on the operation of the trial Sales Office opening hours, including advice on northern corridor estates, sales against budget and feedback from the public and display builders be presented for Council's consideration at its April 2019 meeting.

At its meeting of 15 March 2018, the Management Committee considered a report on the Review of Catalina Sales Office Opening Hours and resolved to recommend that Council:

- 1. RECEIVES the Satterley Property Group correspondence (1 March 2018) on the trial opening hours for the Catalina Sales Office.*
- 2. APPROVES the extension of the current trial Sales Office opening hours (approved by Council in April 2017) for a further 12 months, until the end of April 2019, subject to the same terms and conditions.*
- 3. REQUESTS the Satterley Property Group to provide a comprehensive report on the operation of the trial Sales Office opening hours, including advice on northern corridor estates, sales against budget and feedback from the public and display builders by April 2019.*
- 4. DELEGATES to the CEO authority to determine Sales Office opening hours, subject to no further reduction to weekend opening hours and the Sales Office opening hours being similar to competing estates.*

9.8 CENTRAL PRECINCT STAGE 18 GROUP HOUSING SITES (LOTS 995 AND 996)

Report Information

Reporting Officer: Project Coordinator

Recommendation

That the Council:

1. **RECEIVES** the Catalina Central Group Housing Sites Report (February 2018), prepared by the Satterley Property Group.
2. **APPROVES** the re-subdivision of Lots 995 and 996 in accordance with the Concept Plan attached to the Satterley Property Group's Group Housing Sites Report (dated November 2017), subject to a final design being presented for Council's consideration.
3. **ADVISES** the Satterley Property Group that the subdivision design is to be optimised to achieve built form outcomes that include single and two-storey small lot product, creates housing diversity, includes measures to limit acoustic attenuation on the built form and optimises financial returns to the TPRC.

Voting Requirements

Simple Majority

Report Purpose

To consider a report on the disposal of Group Housing Sites (Lots 995 and 996) located in Stage 18.

Policy Reference

N/A

Local Government Act/Regulation

Local Government Act 1995: Sect 3.58 – Disposal of Property.

Previous Minutes

- Council Meeting – 10 December 2015 (Item 9.8 – Central Precinct Group Housing Sites Disposal and Development Strategy)
- Management Committee Meeting – 23 November 2017 (Item 9.7 – Central Precinct Stage 18 Group Housing Sites (Lots 995 and 996))

Financial/Budget Implications

Income under this matter will be posted under item I145011 (Income on Lot Sales):

Budget Amount:	\$ 25,844,383
Received to Date:	\$ 19,631,559
Balance:	\$ 6,212,824

Relevant Documents

Appendix: SPG – 18B Group Housing Sites – Sales and Development Strategy Options Paper

Background

In December 2015 the Council approved the disposal of the Stage 18 Group Housing Sites (Lots 995 and 996) by public tender subject to design guidelines that address the following:

- Orientation to public streets;
- Passive surveillance of public open space;
- Vehicle access from streets other than Aviator Boulevard;
- Provides a built form that addresses Connolly Drive and Neerabup Road where relevant;
- The building(s) addresses the internal street frontage to the Estate; and
- Limits vehicle crossovers and screens parking from the street.

The Council also required that development of the sites should incorporate a mixture of residential housing and also support the following TPRC sustainability objectives:

- Passive solar design;
- Installation of photovoltaic panels;
- Other sustainability initiatives;
- Participation in Catalina Waster Recycling Program; and
- Innovation in product and construction techniques.

The Group Housing Sites are located on the corner of Neerabup Road and Connolly Drive comprising areas of 7,417m² and 3,046m².

A tender for the Stage 18 Group Housing Sites was released to the market in 2016 in accordance with the Council requirements. No tenders or submissions were received.

At its meeting of February 2017, the Council approved the Housing and Built Form Strategy (HBFS) FYE 2018 which guides the planning and delivery of housing in Catalina. The HBFS identified the strategic location of the Group Housing Sites (Lots 995 and 996) and the importance of achieving a built form outcome that delivered housing diversity.

At its meeting held June 2017, the Council approved the FYE 2018 Annual Plan. The purpose of the Annual Plan is to outline which works, activities and strategies are to be undertaken in FYE 2018. The approved Annual Plan included the following actions for the Group Housing Sites:

- To advertise for sale by tender the Stage 18B Group Housing Sites (Lots 995 and 996) in August 2017; and
- The SPG to report to Council by December 2017 options for the Stage 18B Group Housing Sites should a suitable tender not be received.

A tender for the Stage 18 Group Housing Sites was released to the market in 2017 in accordance with the Council requirements. No tenders or submissions were received.

At its meeting held 23 November 2017 the Management Committee considered a report on disposal options for lots 995 and 996. The Management Committee requested that the report be referred back to the Management Committee with further advice and recommendations from the Satterley Property Group relating to alternative proposals for the sale/development of the Group Housing Sites, including:

- Advice and recommendations from builders/developers on potential development of the sites;
- The implication of Council design guidelines and sustainability initiatives on commercial returns/viability;
- Subdivision of the sites into smaller, potentially more marketable Group Housing Sites;
- Achieving a built form outcome that delivers housing diversity;
- Subdivision of the sites for residential lots to attract innovative housing;
- Innovative approaches to managing acoustic requirements for the proposed buildings;
- Concepts and strategies that optimise financial returns to the TPRC;
- Concepts that address Council's housing and budget objectives.

Comment

The SPG has provided a report addressing the Council's request for additional information on alternative proposals. A copy of the SPG correspondence is attached as Appendix 9.8. The advice provided by the SPG is summarised as follows:

Builders Input

The SPG has undertaken consultation with a number of builders and developers who have assessed the sites and provided the following feedback:

- The construction of a minimum two storey development across the site(s) would not be commercially feasible;
- Builders were not acquiring development sites given current market conditions, especially parcels of land where Class 2 developments (multi-unit developments) was required;
- The sale of existing Group Housing dwellings within the corridor is slower than anticipated and this highlighted the risk of bringing more stock on to the market;
- Lots 995 and 996 have low amenity (i.e. are not located within immediate proximity of POS nor within a walkable catchment of a train station/public transport and bounded by two high traffic roads); and
- The Design Guidelines are restrictive with built form requirements impacting on commercial returns/viability.

Implications of Design Guidelines and Sustainability Initiatives

The SPG considers that the Design Guidelines and sustainability initiatives add costs and restrict the capacity to develop in an efficient manner. The Grouped Housing sites were to be targeted as an affordable product, however, the additional costs as a result of the Design Guidelines decrease the viability of development.

Alternative Development Proposals

The SPG report provides a number of alternative proposals for the sale/development of the Group Housing Sites. The SPG has provided the following options for the Council's consideration:

- DEFER THE SALE OF GROUP HOUSING SITES

Considering the builders' feedback on the risk of developing Group Housing Sites in the current market, the SPG considers the option of deferring the sale of the sites until market demand increases for Grouped Housing Sites a realistic proposition.

This option would ensure the TPRC's objectives on built form are met but would defer the delivery of the built form outcome and revenue to the TPRC.

- CREATE SMALLER GROUP HOUSING SITES

The SPG considers the option of subdividing the Group Housing Sites into smaller Group Housing Sites would result in lower acquisition costs for the builders.

It is noted that the builders have not expressed an interest in this location at any size. The SPG has advised that there is a big supply of smaller Grouped Housing Sites on the market in the northern corridor. The creation of more Group Housing Sites (albeit smaller sites) will not address the issue of low market demand for Group Housing Sites.

This option is not supported as it will result in additional cost to the TPRC and there has been no support from the builders/developers for smaller sites.

- LOT PRICE REDUCTION AND REDUCED SALES TERMS

The SPG considers that the removal of design requirements will reduce building costs and result in the sites being commercially viable. However, the option would result in a lower return to the TPRC and is unlikely to deliver on the built form objectives.

This option is not supported due to reduced revenue and the limited achievement of TPRC's objectives.

- TPRC TO BUILD OUT THE SITE

This option would involve the TPRC engaging a builder to build out the site(s) and sell the completed housing. This would allow the TPRC to control and deliver the built form objectives but would require further significant upfront costs and significant risks to the TPRC.

This option would ensure the TPRC's objectives on built form are met. The option would delay the delivery of a built form outcome, and revenue to the TPRC.

This option is not supported due to the increased risk to the TPRC and delay in revenue.

- SUBDIVIDE INTO SINGLE RESIDENTIAL LOTS

The Group Housing Sites could be subdivided into residential lots to be sold to the public. The SPG considers this option is likely to increase the financial return to the TPRC, estimated between \$700,000 - \$1,000,000. The intent is that the lots would be subdivided into single lots (120m² - 400m²) with a mandatory two-storey outcome on specified sites. The SPG considers that the outcome would deliver similar built form outcomes to the Group Housing Sites. The SPG also considers that the subdivision could remove the need for an acoustic wall. The SPG has prepared a concept for the site which is attached as part of the SPG correspondence.

The SPG advises that the concept has the potential to achieve the following objectives as requested by the Council:

- Achieving a built form outcome that delivers housing diversity;
- Subdivision of the sites for residential lots to attract innovative housing;
- Innovated approaches to managing acoustic requirements for the proposed buildings;
- A concept that optimise financial returns to the TPRC;
- A concept that address Council's housing and budget objectives.

The subdivision of the Group Housing Sites will achieve a number of the TPRC's objectives. The subdivision would yield approximately 30 lots, the release of these lots could be staged and considered as part of the Sales and Lot Release Strategy for FYE 2019 to limit exposure/risk to the TPRC.

The SPG recommends the following strategy for the Group Housing Sites (Lots 995 and 996):

1. Proceeding with the subdivision of the Group Housing Sites based on the concept attached in the SPG correspondence. The preferred subdivision concept is to optimise built form outcomes and financial returns to the TPRC and include small/narrow lot product to optimise housing diversity.
2. Prepare site specific design guidelines to control built form outcomes for lots created through the subdivision of the Stage 18B Group Housing Sites.
3. Undertake site specific acoustic modelling to mitigate the acoustic attenuation requirements through the house design and construction.
4. Subsequent to the release of Stage 16A and 16B narrow lot product and achieving sales resulting in stock levels below the sales trigger of 35 lots, undertake civil construction of the Stage 18B Group Housing Site subdivision.
5. Offer lots for sale through a combination of exclusive builder allocations on strategically selected lots and public release.

Conclusion

Given the strategic location of the Group Housing Sites, it is important that the TPRC built-form outcomes, housing and budget objectives are achieved.

The design guidelines and sustainability initiatives are considered important to ensuring a good outcome is delivered on the sites. It is clear from the SPG and builders' advice that the market is not responding at this time to the sale of Group Housing Sites and that lots 995 and 996 are unlikely to sell at the present based on current configuration, sales price and design/sustainability requirements.

The builders' comments recognise current market conditions where Group Housing Sites and apartments are difficult to sell and that there is significant risk in acquiring and delivering Group Housing Sites. Based on SPG's advice and builders'/developers' advice it is unlikely the Group Housing Sites will sell in the current market. A reasonable option is that the TPRC defer the sale of the Group Housing Sites until market conditions improve, however, this will delay returns to the TPRC.

The option of subdividing the lots based on the concept proposed by the SPG is considered to have merit, whilst not delivering a traditional group housing development it will deliver on a number of the outcomes identified by the TPRC including:

- Achieving a built form outcome that delivers housing diversity (single/two storey small lot homes);
- Subdivision of the sites for residential lots to attract innovative housing (smaller lot housing);

- Innovative approaches to managing acoustic requirements for the proposed buildings (acoustic measure can be considered as part of the subdivision, negating the requirement to construct a long section of a 2.4m noise wall);
- A concept that optimises financial returns to the TPRC (the SPG's modelling estimates a greater return to the TPRC based on the subdivision concept); and
- A concept that addresses Council's housing and budget objectives (the concept provides diverse and affordable housing and has the potential to generate additional revenue).

The re-subdivision of the site also has the potential to mitigate the requirement of the noise walls required on the boundary facing Connolly Drive and Neerabup Road. It also provides the TPRC with control over the built form through mandating two storey outcomes and lot sizes that will provide housing diversity. The option to undertake the subdivision of the Group Housing Sites also provides control to the TPRC on the staging of releases to manage the supply and revenue.

The SPG's recommendation to re-subdivide the Group Housing Sites based on the concept presented is likely to achieve diversity in housing and an innovative design to manage acoustic requirements while optimising financial returns to the TPRC.

At its meeting of 15 March 2018, the Management Committee considered a report on the Central Precinct Stage 18 Group Housing Sites (Lots 995 and 996) and resolved to recommend that Council:

1. *RECEIVES the Catalina Central Group Housing Sites Report (February 2018), prepared by the Satterley Property Group.*
2. *APPROVES the re-subdivision of Lots 995 and 996 in accordance with the Concept Plan attached to the Satterley Property Group's Group Housing Sites Report (dated November 2017), subject to a final design being presented for Council's consideration.*
3. *ADVISES the Satterley Property Group that the subdivision design is to be optimised to achieve built form outcomes that include single and two-storey small lot product, creates housing diversity, includes measures to limit acoustic attenuation on the built form and optimises financial returns to the TPRC.*

9.9 CATALINA STRATEGIC MARKETING PLAN – DECEMBER 2017

Report Information

Reporting Officer: Project Coordinator

Recommendation

That the Council:

1. **APPROVES** the Catalina Strategic Marketing Plan (December 2017) prepared by the Satterley Property Group.
2. **ACCEPTS** that the Satterley Property Group has achieved Key Performance Indicator 3.1 – Completion and acceptance of a review of the Strategic Marketing Plan by end of December every second year.
3. **ADVISES** the Satterley Property Group the marketing budget for FYE 2019 will be considered by the Council in the FYE 2019 Annual Marketing Plan.

Voting Requirements

Simple Majority

Report Purpose

To consider the Catalina Strategic Marketing Plan (December 2017) prepared by the Satterley Property Group, as required by the Development Managers Key Performance Indicators.

Policy Reference

N/A

Local Government Act/Regulation

N/A

Previous Minutes

Council Meeting – 26 June 2014 (Item 9.12 – Review of Development Managers – Key Performance Indicators)

Financial/Budget Implications

Expenditure under this matter will be incurred under item E145218 (Marketing):

Budget Amount:	\$637,000
Spent to Date:	\$161,552
Balance:	\$475,448

Relevant Documents

Appendix: Catalina Strategic Marketing Plan (December 2017 Review)

Background

At its meeting of 26 June 2014, the Council approved the revised Development Managers Key Performance Indicators, dated June 2014. Key Performance Indicator 3.1 – *Requires the completion and acceptance of a review of the Strategic Marketing Plan by December every second year.*

In accordance with the Development Managers Key Performance Indicators, the Satterley Property Group has reviewed the Strategic Marketing Plan and submitted the Catalina Strategic Marketing Plan - December 2017 Review, for the Council's consideration to satisfy the KPI. A copy of the strategy is attached under Appendix 9.9.

The purpose of the Strategic Marketing Plan is to guide the marketing of the Project on a medium to long term basis by considering the following key marketing objectives:

- The vision for Catalina Project, including images and themes;
- Brand strategy and positioning;
- SWOT and competitor analysis;
- Breakdown of the marketing budget; and
- Marketing Activity Plan.

Comment

The Catalina Strategic Marketing Plan (December 2017) (SMP) proposes strategies, vision and marketing activities consistent with the approved Strategic Marketing Plan. The SMP is a comprehensive strategy which covers the following matters:

- Outlines the vision and objective for the Catalina Project;
- Outlines brand strategy, positioning and target audiences;
- Identifies general action areas to address the Catalina vision and brand strategy;
- Provides an update of current trading conditions with commentary on current property market conditions, population growth, consumer confidence, land sales activity and rental rates;
- Includes an updated SWOT and competitor analysis; and
- Contains recommendations for the proportional division of the overall marketing budget for the Project.

Based on research conducted by the SPG and in conjunction with the TPRC appointed advertising agency (Rare) the SPG does not recommend major changes to the strategic approach of the Catalina Vision, branding or market positioning as it considers the response of the market to the Catalina Vision to have been positive, evidenced by achieving a good market share to date. The SPG believes the refresh to the Catalina Vision and brand undertaken recently remains relevant to the current market and target audiences. It has however, recommended minor updates to the market positioning (to reflect current market conditions).

The SMP proposes the following modifications to the Strategic Marketing Plan (December 2015). These modifications are largely refinements of the document to update it to reflect current market conditions and stages of development:

- Sales targets are provided for the whole of life project and have been updated to reflect those contained within the December 2017 budget review. Sales targets for FYE 2018 and FYE 2019 are 75 and 75 respectively.

- Product mix has been updated to reflect the launch of Catalina Beach and the indicative mix for the release of Catalina Grove.
- The Competitor and SWOT Analysis has been updated to reflect growth of Catalina Estate and the position of northern corridor estates.
- The Strategy provides a recommended split of the overall marketing budget for the Project identifying recommended proportions of expenditure for different marketing activities.

The SPG is aware that the sales target has not been met, however, believes that the recent marketing activities including signage upgrade will have a significant benefit to the Catalina Brand. The SPG is confident that the marketing vision and strategy for Catalina is still relevant in the current market and that the strategy is appropriate for delivering leads.

The Strategic Marketing Plan is considered to provide the required vision and direction to form the basis of the FYE 2019 Annual Marketing Plan to ensure that the Catalina Brand is well positioned and that strategies are in place to deliver leads.

KPI 3.2 of the Development Managers Key Performance Indicators requires the preparation of an Annual Marketing Plan. The Annual Marketing Plan will provide details of specific marketing activities and a detailed marketing budget allocation for FYE 2019. The Annual Marketing Plan, in association with Project Budget FYE 2019 and Annual Plan FYE 2019, will be provided to Council for consideration at its meeting to be held in June 2018.

The Catalina Strategic Marketing Plan (December 2017) presents strategies, vision and marketing activities that are consistent with the Strategic Marketing Plan 2016. It is considered to have met the Key Performance Indicator 3.1 – *Requires the completion and acceptance of a review of the Strategic Marketing Plan by December every second year.*

At its meeting of 15 March 2018, the Management Committee considered a report on the Catalina Strategic Marketing Plan (December 2017) and resolved to recommend that Council:

1. *APPROVES the Catalina Strategic Marketing Plan (December 2017) prepared by the Satterley Property Group.*
2. *ACCEPTS that the Satterley Property Group has achieved Key Performance Indicator 3.1 – Completion and acceptance of a review of the Strategic Marketing Plan by end of December every second year.*
3. *ADVISES the Satterley Property Group the marketing budget for FYE 2019 will be considered by the Council with the 2018 Annual Marketing Plan.*

9.10 CODE OF CONDUCT FOR COUNCIL MEMBERS AND STAFF (FEBRUARY 2018)

Report Information

Reporting Officer: Chief Executive Officer

Recommendation

That the Tamala Park Regional Council Code of Conduct for Council Members and Staff (February 2018) be ADOPTED.

Voting Requirements

Simple Majority

Report Purpose

To review the TPRC Code of Conduct applicable for Council Members and Staff.

Relevant Documents

Appendix:

- TPRC Code of Conduct (February 2018)
- WALGA Model Code of Conduct

Policy Reference

WALGA Model Code of Conduct (February 2008)

Local Government Act/Regulation

Local Government Act 1995 Section 5.103

Previous Minutes

- Council Meeting – 15 February 2018 (Item 9.8 – Code of Conduct for Elected Members & Staff)
- Council Meeting – 16 February 2017 (Item 9.8 – Code of Conduct for Elected Members & Staff)
- Council Meeting – 18 February 2016 (Item 9.11 – Code of Conduct for Elected Members & Staff)

Financial/Budget Implications

N/A

Background

Local governments are required to have a Code of Conduct for guidance of Council Members and Staff.

The Tamala Park Regional Council Code of Conduct for Council Members and Staff (February 2017) was approved by Council in February 2017.

At its meeting on 15 February 2018 the Council moved to refer the Code of Conduct for Council Members and Staff (February 2018) back to Council for further consideration.

Comment

The Council Code of Conduct for Council Members and Staff (February 2017) has been modified to reflect the WALGA Code of Conduct Model and to recognise the *Local Government (Rules of Conduct) Regulations 2007*.

Proposed changes are shown on the Tamala Park Regional Council Code of Conduct for Council Members and Staff (February 2018) at Appendix 9.10.

CONFIDENTIAL

9.11 CATALINA BUILDERS WASTE TENDER - **CONFIDENTIAL**

CONFIDENTIAL

9.12 MINDARIE REGIONAL COUNCIL LANDFILL BUFFER – GROUNDWATER
MONITORING RESULTS - **CONFIDENTIAL**

CONFIDENTIAL

9.13 REVIEW OF PROJECT MILESTONES FYE 2018 - **CONFIDENTIAL**

CONFIDENTIAL

9.14 INDEPENDENT CONSULTANT REVIEW OF PROJECT FORECAST 2017 -
CONFIDENTIAL

10. ELECTED MEMBERS MOTIONS OF WHICH NOTICE HAS BEEN GIVEN
11. QUESTIONS BY ELECTED MEMBERS OF WHICH DUE NOTICE HAS BEEN GIVEN
12. URGENT BUSINESS APPROVED BY THE CHAIRMAN
13. MATTERS BEHIND CLOSED DOORS
14. GENERAL BUSINESS
15. FORMAL CLOSURE OF MEETING

APPENDICES