

MANAGEMENT COMMITTEE MEETING

Thursday 12 November 2020

AGENDA

Notice of Meeting

Councillors of the Tamala Park Regional Council Management Committee are advised that a meeting will be held in the Challenger Room, City of Stirling, 25 Cedric Street, Stirling on Thursday 12 November 2020 at 6:00pm.

Yours faithfully



TONY ARIAS
Chief Executive Officer

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

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

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MEMBERSHIP

OWNER COUNCIL	MEMBER
Town of Cambridge	Cr Andres Timmermanis (CHAIR)
City of Joondalup	Cr John Chester
City of Stirling	Cr Karen Caddy Cr David Lagan Cr Suzanne Migdale Cr Bianca Sandri
City of Wanneroo	Cr Brett Treby

PRELIMINARIES

1. OFFICIAL OPENING

DISCLOSURE OF INTERESTS

2. PUBLIC STATEMENT/QUESTION TIME

3. APOLOGIES AND LEAVE OF ABSENCE

4. PETITIONS

5. CONFIRMATION OF MINUTES

Management Committee Meeting – 17 September 2020

5.1 BUSINESS ARISING FROM MINUTES (NOT COVERED ELSEWHERE IN THE AGENDA)

6. ANNOUNCEMENTS BY CHAIR (WITHOUT DISCUSSION)

7. MATTERS FOR WHICH MEETING MAY BE CLOSED

- 8.7 Confidential: Built Form Partnership – Stage 18
- 8.8 Confidential: Review Of Catalina Risk Management Plan 2019
- 8.9 Confidential: Review Of Deliverables - Development Manager's Key Performance Indicators
- 8.10 Confidential: Economic Strategy
- 8.11 Confidential: Landscape Architecture Consultancy Services Tender

8. ADMINISTRATION REPORTS AS PRESENTED 8.1 – 8.11

8.1 BUSINESS REPORT – PERIOD ENDING 5 NOVEMBER 2020

Responsible Officer:	Manager Project Coordination
Attachments:	Community Event wrap-up (Appendix 8.1)
Voting Requirements:	Simple Majority

RECOMMENDATION

That the Management Committee RECEIVES the Business Report to 5 November 2020.

PURPOSE

To advise the Management Committee of matters of interest not requiring formal resolutions.

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

Construction of Stage 16 (17 lots) and Stage 27 (20 lots) is progressing well. Titling of lots for both stages is anticipated to occur in December 2020, prior to the contract execution deadline of 31 December 2020 for buyers to qualify for the Federal and State Government building incentive grants.

The civil works for Stage 28 (35 lots) commenced on 2 November 2020 and practical completion is anticipated in March 2021.

The construction of the Connolly Drive/Aviator Boulevard roundabout is programmed to commence in January 2021 and be completed by June 2021.

Earthworks for the foreshore access road and carpark are anticipated to commence in February 2021 and take two months to complete.

Construction of the Portofino Promenade and Long Beach Promenade extensions and the foreshore access road and carpark are programmed to commence in April 2021 and be completed by September 2021.

2. Landscape Works – Status

A meeting was held with the City of Wanneroo on 27 October 2020 to progress the handover of the northern BCA area before the end of FYE 2021. The City has identified

several matters that it requires to be addressed prior to accepting handover in relation to improving access for fire-fighting vehicles, which are currently being reviewed.

Landscape design for the extension of the 'green-link' along Aviator Boulevard between Roulettes Parade and Connolly Drive in Catalina Central is currently underway. Landscape installation is forecast to commence in early 2021 following the completion of civil construction of Stage 16, subject to obtaining required approvals.

3. Housing Construction

The following table provides an overview of the current progress of housing construction to 29 October 2020:

Stage	Total Lots	Under Construction	Completed	Vacant
Stages 1 - 13	660	0	655	5
Stage 14	73	0	72	1
Stage 15	55	0	54	1
Stage 17A	25	0	23	2
Stage 17B	36	4	13	19
Stage 18A	29	0	29	0
Stage 18B	31	1	23	7
Stage 25 (Display Village)	15	0	15	0
Stage 25	34	4	24	6
Stage 25B	7	0	7	0
Stage 25 (Builders Release)	7	3	3	1
Stage 26	38	4	0	34
Total	1010	16	918	76

4. Community Events

A Community Development Plan has been prepared for FYE 2021, with the focus on activating new community amenities, such as the foreshore access improvements in Catalina Beach and Drimmie Park in Catalina Central.

A Halloween Event was held on Saturday 31 October 2020 for Catalina residents, which included a sausage sizzle held at Drimmie Park and 'trick or treating' in nearby streets. Approximately 100 people attended and positive feedback about the event was received. An event wrap-up is provided in Appendix 8.1.

5. Catalina Beach Access Road / Carpark

Applications for Development Approval and a Clearing Permit for the foreshore access road and carpark were submitted in December 2019 and January 2020 respectively. The WAPC issued the Development Approval in April 2020.

The Department of Water and Environmental Regulation's (DWER) has confirmed the acceptance of an offset revegetation area of 1.34ha to allow the clearing required to construct the access road and carpark.

Potential locations for the offset revegetation works have been identified in degraded areas within the conservation reserve in close proximity to the proposed access road that would benefit from rehabilitation. DWER has advised that it is prepared to issue a Clearing Permit in anticipation of the revegetation area being agreed with the City of Wanneroo.

Landscape and civil designs for the access road and carpark have been completed and submitted to the City of Wanneroo for approval.

The construction of the access road and carpark is planned to commence in February 2021, subject to reasonable conditions being imposed on the Clearing Permit.

6. Catalina Local Centre Site

On 1 July 2020, the Joint Development Assessment Panel approved the amended design for the Local Centre Site on Lot 646 Aviator Boulevard in Catalina Central. The approved plans propose the construction of several shop tenancies (300m² net lettable area), 170m² café and a childcare centre with capacity for up to 81 children.

At the meeting on 8 October 2020, Council resolved to accept a change of ownership of Lot 646 to Auswide International Investments (Cardup) Pty Ltd, who specialise in the development of childcare and retail centres. The Council also accepted revised development milestones, including the requirement for the commencement of construction of the child care centre by 1 May 2021. A deed of agreement is being finalised with the new owner to commit it to the revised development milestones.

7. Coastal Dual Use Path, Burns Beach – Mindarie

At its meeting in June 2019, the Council resolved to make a contribution of up to \$730,000 to the Cities of Joondalup and Wanneroo towards the construction of the Burns Beach-Mindarie Dual Use Path (DUP). The section of DUP through the coastal conservation reserve to the south of Catalina was completed by the Cities in December 2019. Construction of the section of DUP to the west of Catalina was completed in September 2020. Payment of the TRPC's contribution towards the completed work is expected to be made in late November 2020.

The timing for completion of the southern portion of the DUP at Peet's Burns Beach Estate is still to be determined.

8.2 PROJECT FINANCIAL REPORT – SEPTEMBER 2020

Responsible Officer:	Chief Executive Officer
Attachments:	Letter from Satterley Property Group dated 26 October 2020 with Financial Report (Appendix 8.2)
Voting Requirements:	Simple Majority

RECOMMENDATION

That the Management Committee RECEIVES the Project Financial Report (September 2020) submitted by the Satterley Property Group.

PURPOSE

To consider the Project Financial Report for September 2020 submitted by the Satterley Property Group.

Policy Reference

N/A

Local Government Act/Regulation

N/A

Financial/ Budget Implications

Review of Project Financial Report for September 2020.

Previous Minutes

N/A

BACKGROUND

At its meeting of 18 June 2020, the Council approved the Project Budget FYE 2021, submitted by the Satterley Property Group, as the basis of financial planning for the TPRC Budget FYE 2021.

The Development Manager's Key Performance Indicators 2020 - Governance, requires the preparation of monthly progress reports.

COMMENT

The Satterley Property Group has prepared a Financial Report for August 2020 for the Project. The report has been prepared on a cash basis and compares actual expenditure to approved budget expenditure for the period 1 September 2020 to 30 September 2020 and is attached at Appendix 8.2.

The Financial Report identifies the following main areas of variance:

1. Settlement revenue was \$7.30M which is \$0.22M favorable to budget due to 1 more settlement year to date.

2. Expenditure was \$3.00M under budget, in the following areas:
 - Lot Production \$1.5M;
 - Infrastructure \$0.79M;
 - P&L expenditure \$0.58M.
3. Lot Sales Value was \$17.47M which is \$0.29M unfavorable to budget due to 5 less lot sales year to date, partly offset by higher than budgeted sales prices.

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

Satterley Property Group representatives will be in attendance to answer questions on the report.

8.3 SALES AND SETTLEMENT REPORT – PERIOD ENDING 5 NOVEMBER 2020

Responsible Officer: Manager Project Coordination

Attachments: Staging Plan (Appendix 8.3)

Voting Requirements: Simple Majority

RECOMMENDATION

That the Management Committee RECEIVES the Sales and Settlement Report to 5 November 2020.

PURPOSE

To advise the Management Committee 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:	\$34,688,724
Received to Date:	\$ 7,208,246
Balance:	\$27,480,477

BACKGROUND

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

The Staging Plan provided under Appendix 8.3 identifies the extent of the stage boundaries referenced within the report.

COMMENT

Table 1 provides a summary of the Catalina Estate Sales and Settlement position for lots released up to 5 November 2020.

Table 1: Summary of Sales and Settlement of Lots – Catalina Estate

Stage/ Release Date	Release Date	Lots Released	Lot Sizes (m ²)	Sold*	Stock	Settled
Completed Stages	-	844	174 - 658	844	0	844
Stage 16A	Aug-20	17	375 - 450	15	2	0
Stage 17A	Oct-16	25	300 - 510	25	0	25
Stage 17B (1)	Nov-17	18	300 - 450	18	0	18
Stage 17B (2)	Sep-19	8	245 - 450	8	0	6
Stage 17B (3)	Apr-20	10	300 - 450	10	0	6
Stage 18B	Mar-17	31	200 - 474	31	0	29
Stage 25 & DV3	May-17	21	300 - 450	21	0	20
Stage 25 & DV3	Sep-18	5	277 - 450	5	0	4
Stage 26 (1)	Jun-20	11	300 - 539	11	0	8
Stage 26 (2)	Apr-19	8	300 - 486	8	0	6
Stage 26 (3)	Dec-19	7	367 - 481	7	0	5
Stage 26 (4)	Dec-19	9	315 - 539	9	0	5
Stage 26 (5)	Apr-19	3	443 - 450	3	0	1
Stage 27A (1)	Aug-20	12	225 - 450	11	1	0
Stage 27A (2)	Sep-20	8	300 - 450	8	0	0
Total		1037	174 - 658	1034	3	977

Table 2: Summary of Net Sales for FYE 2021 against Budget – Catalina Estate

	Jul	Aug	Sep	Oct	Nov	YTD	Dec	Jan	Feb	Mar	Apr	May	Jun	FYE 21
Budget	35	15	9	7	6	72	5	7	7	7	7	7	7	119
Actual	34	3	16	19	5	77*								
Variance	-1	-12	7	12	-1	5								

* Includes 9 sales contracts pending advertising and acceptance.

The Project currently holds 57 contracts, three unconditional, 45 conditional and nine pending acceptance.

The Project has a current released stock position of three lots, comprised of the following:

Stage 16A (Central Precinct) – 2 lots (under construction)

Stage 27A (Beach Precinct) – 1 lot (under construction)

Table 3: Summary of Settlements for FYE 2021 against Budget – Catalina Estate

	Jul	Aug	Sep	Oct	Nov	YTD	Dec	Jan	Feb	Mar	Apr	May	Jun	FYE 21
Budget	7	5	10	11	22	55	9	14	12	11	4	5	7	117
Actual	3	9	11	18	0	41								
Variance	-4	4	1	7	-22	-14								

Northern Corridor Estates Analysis

Table 4 provides a summary of sales at developments in the northern corridor.

Table 4: Summary of Sales in Northern Corridor (October 2019 to September 2020)

ESTATE	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	12 Month Total Sales
NORTH-WEST METRO													
Alkimos Beach (Alkimos)	2	7	2	5	1	3	2	8	43	20	5	0	98
Alkimos Vista (Alkimos)	1	1	3	1	1	4	0	1	28	17	13	3	73
Allara (Eglinton)	3	1	-3	1	1	4	1	2	29	9	14	13	75
Amberton (Eglinton)	13	0	5	3	8	1	3	13	41	30	24	15	156
Beaumaris (Iluka)	1	0	0	1	12	0	0	0	5	2	0	0	21
Burns Beach (Burns Beach)	1	1	0	1	3	0	1	1	86	0	0	0	94
Catalina (Clarkson-Mindarie)	3	2	1	1	3	3	1	4	6	34	3	16	77
East of the Beach (Eglinton)	4	-1	1	0	5	2	0	2	32	18	4	0	67
Eden Beach (Jindalee)	10	8	3	6	21	6	0	11	32	20	22	7	146
Kinross (Kinross)	0	1	1	1	2	1	0	3	0	0	0	0	9
Shorehaven (Alkimos)	4	2	2	4	14	10	8	12	62	14	26	5	163
Trinity (Alkimos)	5	18	8	3	6	5	5	5	43	20	25	20	163
TOTAL	47	40	23	27	77	39	21	62	407	184	136	79	1142
CATALINA SHARE (%)	6.38 %	5.00 %	4.35 %	3.70 %	3.90 %	7.69 %	4.76 %	6.45 %	1.47 %	18.5 %	2.2 %	20.2 %	6.74%

Note 1: Satterley reporting is based on 'mid-month' sales period.

Note 2: Satterley has expressed caution that these sales results are indicative only based on information obtained in the marketplace and supplied on a voluntary basis.

Table 5 provides a summary of available stock in the northern corridor. A 370m² lot is available in Catalina Beach for \$344,000. The two lots available in Catalina Central range in size from 375m² to 432m² and are priced at \$257,000 to \$282,000.

Table 5: Summary of Price of Available Lots in Northern Corridor Estates

Estate	225sqm Price (\$)	300sqm Price (\$)	375sqm Price (\$)	450sqm Price (\$)	500sqm + Price (\$)	Total Dwellings	Stock
Allara	n/a	n/a	185,000-190,000	215,000	\$258,000	3,405	10
Alkimos Beach	155,000	n/a	262,000	278,000-290,000	310,000-325,000	2,413	33
Amberton	n/a	163,000	258,000	294,000	272,000- 330,000	2,500	24
Burns Beach	n/a	n/a	n/a	n/a	510,000 – 650,000	1,580	11
Catalina Central	n/a	n/a	257,000-258,000	n/a	n/a	2,480	2
Catalina Beach	n/a	n/a	344,000	n/a	n/a		1
Eden Beach	185,000	228,000-230,000	270,000-275,000	315,000	335,000-338,000	1,100	21

Kinross	n/a	n/a	290,000	n/a	n/a	67	1
Shorehaven	182,000-222,000	210,000	249,000	279,000-283,000	n/a	2,800	36
Trinity	n/a	190,000-225,000	208,000 - 210,000	n/a	n/a	2,500	34

Lot Releases

Stage 16A – Catalina Central

17 lots have been released for sale in Stage 16A, ranging in area from 375m² to 450m². Two lots are available for sale.

Stage 27A - Catalina Beach

20 lots have been released in Stage 27A, ranging in area from 225m² to 450m². One lot is available for sale.

Stage 16A and 27A lots are expected to be titled in December 2020.

Stage 28 – Catalina Beach

Construction of Stage 28 commenced on 2 November 2020 with titles expected in April 2020. Arrangements are being made to release the first tranche of lots in Stage 28 in mid-November 2020. Satterley propose that the release will comprise of 10 lots, ranging in area from 375m² to 450m². It is proposed that Stage 28 will also include 10 lots to be allocated for a new builders' display village fronting Marmion Avenue.

Sales and Settlements

Sales and settlements achieved during September and October 2020 have exceeded budget.

Requests for extension to finance approval for conditional sales contracts is high, consistent with similar projects. The main reason for extension requests is delays with builders producing building plans and contracts, with contracts taking 12 weeks to complete, even with minimal or no structural changes. Lenders are taking on average between 7-15 business days to assess finance applications. This is being monitored with purchasers, builders and lenders.

The Project is experiencing only a small number of cancellations resulting from finance applications being declined. Four cancellations occurred in September, however no contracts were cancelled in October. Satterley advises that there is a prospect of an increase in cancellations in coming months as finance applications associated with the large number of contracts on hand from the sales achieved between May and July are determined.

Changes to State Government Building Stimulus Grant

The State Government recently announced that it will allow purchasers seeking to claim the \$20,000 building stimulus grant additional time to commence construction. Under the initial terms of the program, site works needed to start within six months of a building contract being signed for a purchaser to be eligible for the grant. This timeframe has been extended to 12 months in recognition of the current high demand on the building industry.

Purchasers are still required to have entered into a building contract by 31 December 2020 to obtain the grants.

Marketing

Current project marketing is focussed on lead generation and brand awareness campaigns through social media advertising (primarily Google and Facebook). These campaigns are running to January 2021, supported by ongoing website search engine optimisation (SEO) programs.

8.4 REVIEW OF PURCHASER TERMS AND CONDITIONS

Responsible Officer:	Manager Project Coordination
Attachments:	Satterley Property Group Letter (dated 7 November 2020): Catalina Estate – Review of Purchaser Terms and Conditions (Appendix 8.4)
Voting Requirements:	Simple Majority

RECOMMENDATION

That the Management Committee recommends that Council:

1. **APPROVES** the following Purchaser Terms/Conditions and Incentives for all public and builder release lots for the period December 2020 to December 2021:
 - 1.1 Use of the REIWA Offer and Acceptance Contract with Special Conditions and Annexure.
 - 1.2 A \$2,000 deposit to be used in the Sales Contracts for Catalina Central and a \$5,000 deposit to be used in the Sales Contracts for Catalina Beach.
 - 1.3 A finance approval period of 60 days for Catalina Central and 45 days for Catalina Beach, where finance is required.
 - 1.4 A 21-day settlement period from finance approval or the issue of titles, whichever is the later.
 - 1.5 A waterwise landscaping package to the front garden.
 - 1.6 A \$2,000 rebate for all homes constructed with a minimum 1.5kW capacity photovoltaic solar power system.
 - 1.7 Side and rear boundary fencing (behind the building line).
 - 1.8 A \$1,000 rebate for all homes in Catalina Central and Beach Precincts which include appropriate WELS rated fittings and fixtures.
 - 1.9 Sales incentives (Items 1.5 – 1.8) subject to homes being constructed in accordance with the approved Catalina Design Guidelines within 18 months of settlement for single storey homes and 24 months of settlement for two storey homes.
 2. **REQUESTS** the Satterley Property Group to review the Purchaser Terms/Conditions and Incentives for public release and builder release lots and provide a report to the Council for consideration in December 2021.
-

PURPOSE

To consider the purchaser Terms/Conditions and Incentives for the sale of lots for the period December 2020 to December 2021.

Policy Reference

N/A

Local Government Act/Regulation

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

Previous Minutes

Council Meeting – 5 December 2019 (Item 9.6 Review of Purchaser Terms and Conditions)

Financial/Budget Implications

Expenditure under this matter will be incurred under the following budget items:

Item E145216 (Direct Selling Expenses):

Budget Amount: \$ 2,891,698

Spent to Date: \$ 617,731

Balance: \$ 2,273,966

Relevant Documents

Appendix: Satterley Property Group letter (dated November 2020): Catalina Estate - Review of Purchaser Terms and Conditions

BACKGROUND

At its meeting of 5 December 2019, the Council approved the following Purchaser Terms/Conditions and Incentives to apply to the sale of lots in Catalina Estate between December 2019 and December 2020:

- 1.1 Use of the REIWA Offer and Acceptance Contract with Special Conditions and Annexure.
- 1.2 A \$2,000 deposit to be used in the Sales Contracts for Catalina Central and a \$5,000 deposit to be used in the Sales Contracts for Catalina Beach.
- 1.3 A finance approval period of 60 days for Catalina Central and 45 days for Catalina Beach, where finance is required.
- 1.4 A 21-day settlement period from finance approval or the issue of titles, whichever is the later.
- 1.5 A post occupancy Home Energy Assessment for all new homes (up to 31 August 2020, after which time its continuation will be considered following the conclusion of the 12-month trial of this initiative).
- 1.6 A waterwise landscaping package to the front garden, as per the package values approved by Council in the Front Landscaping Tender 02/2019 LD Total Proposal (dated February 2019).
- 1.7 A \$2,000 rebate for all homes constructed with a minimum 1.5kV capacity photovoltaic solar power system.
- 1.8 Side and rear boundary fencing (behind the building line).
- 1.9 A \$1,000 rebate for all homes in Catalina Central and Beach Precincts which include appropriate WELS rated fittings and fixtures.
- 1.10 Sales incentives (Items 1.6 – 1.9) subject to homes being constructed in accordance with the approved Catalina Design Guidelines within 18 months of settlement for single storey homes and 24 months of settlement for two storey homes.

The Council also requested the Satterley Property Group (Satterley) to review the Purchaser Terms/Conditions and Incentives for public release and builder release lots and provide an interim report to the Council in June 2020 and a final report for consideration in December 2020.

COMMENT

Satterley has reviewed the Purchaser Terms/Conditions and Incentives for public releases and builder releases and provided recommendations for the Council's consideration. A copy of Satterley's correspondence (dated 3 November 2020) is attached under Appendix 8.4.

Satterley has indicated the following in respect to Catalina Central:

- The majority of sales are being sourced through builder contracts, which usually involves the purchaser obtaining finance for a house and land package. Builders are generally requiring up to 90 days for finance approval to allow for the preparation of house plans and the loan application approval process. Satterley recommends maintaining a 60-day finance approval period.
- The \$2,000 deposit has been well-received by prospective purchasers since the deposit requirement was relaxed from \$5,000 in August 2015. The reduced deposit brought Catalina into line with a number of competing estates.
- A 21-day settlement period from the time of titles being issued or finance approval being obtained (whichever is the later) has worked well.

Satterley has indicated the following in respect to Catalina Beach:

- A 45-day finance approval term should remain, as this is comparable with other premium coastal estates. House and land packages in Catalina Beach are typically of a higher value than in Catalina Central and this timeframe assists in identifying qualified and finance-ready purchasers.
- The \$5,000 deposit ensures that committed and qualified purchasers register for lots and helps to mitigate the risk of prospective purchasers with insufficient borrowing capacity registering and subsequently being unable to obtain finance approval.
- A 21-day settlement period from the time of titles being issued or finance approval being obtained (whichever is the later) has worked well.

Satterley considers that the current Purchaser Terms/Conditions have operated well during the last twelve months and has recommended that they be maintained for the period between December 2020 and December 2021.

The Project currently offers the following sales incentives;

- A waterwise landscaping package to the front garden.
- A \$2,000 rebate for all homes constructed with a minimum 1.5kW capacity photovoltaic solar power system.
- Side and rear boundary fencing (behind the building line).
- A \$1,000 rebate for all homes in Catalina Central and Beach Precincts which include appropriate WELS rated fittings and fixtures.
- A post occupancy Home Energy Assessment for all new homes

Satterley considers that the current Purchaser Incentives have been well received by purchasers, incentivise the early construction of homes, encourage sustainability and promote quality of streetscapes. It has however recommended the Home Energy Assessment rebate be removed as there has been no take up by purchasers during the 12-month trial period.

Satterley has recommended that the Purchaser Terms/Conditions and Incentives for the Catalina Grove Precinct be reviewed closer to the launch of the Grove Precinct.

CONCLUSION

Satterley has recommended that the current Purchaser Terms/Conditions and Incentives be maintained for the period between December 2020 and December 2021, noting the removal of the post occupancy Home Energy Assessment for all new homes. The current Purchaser Terms/Conditions and Incentives for public release lots have operated well over the last 12 months under varying market conditions.

The recommended Purchaser Terms/Conditions and Incentives generally reflect industry and competing estates' standards. They are considered appropriate in qualifying purchasers entering into the purchase of a lot, while recognising the timeframes typically involved in obtaining finance approval. It is recommended that the current Purchaser Terms/Conditions and Incentives be maintained for December 2020 – December 2021, as recommended by Satterley.

The costs associated with the Purchaser Terms/Conditions and Incentives are accommodated in the approved TPRC Budget FYE 2021.

It is further recommended that Satterley be requested to review the Purchaser Terms and Conditions for Council's consideration in December 2021.

8.5 PROJECT BUDGET FYE 2021 – MID-YEAR REVIEW

Responsible Officer:	Chief Executive Officer
Attachments:	Satterley Property Group correspondence: Catalina FYE 2021 Mid-Year Budget Review (dated 3 November 2020) (Appendix 8.5)
Voting Requirements:	Simple Majority

RECOMMENDATION

That the Management Committee recommends that Council RECEIVES the FYE 2021 Mid-Year Budget Review, submitted by the Satterley Property Group, (December 2020) and that it used as the basis for financial planning for the TPRC Mid-Year Budget FYE 2021.

PURPOSE

To consider a report on the FYE 2021 Mid-Year Budget Review prepared by the Satterley Property Group.

Policy Reference

N/A

Local Government Act/Regulation

N/A

Previous Minutes

Council Meeting – 20 August 2020 (Item 9.6 - Project Budget FYE 2020)

Financial/Budget Implications

Mid-Year Review of approved Project Budget FYE 2021 (August 2020).

BACKGROUND

At its meeting of 20 August 2020, the Council approved the Project Budget FYE 2020, submitted by the Satterley Property Group (Satterley), as the basis of financial planning for the TPRC Budget FYE 2021.

COMMENT

Satterley has undertaken a Mid-Year Budget Review of the approved Project Budget FYE 2021, correspondence dated 3 November 2020. The Satterley FYE 2021 Mid-Year Budget Review provides an updated forecast of the Project Budget FYE 2021 in relation to the main budget assumptions such as income, sales rates and development costs and escalation. The Review considers current property market conditions, the latest sales/settlement information, approvals status, construction program and expenditure estimates.

The Satterley FYE 2021 Mid-Year Budget Review addresses the following:

- Market Commentary;
- Budget Comparisons;
- Operations for FYE 2021;
- Review of FYE 2021;
- Key Risks for achieving FYE 2021 Budget;
- Cash Requirement, Capital Return and Profit Distribution Capacity.

The Satterley FYE 2021 Mid-Year Budget Review correspondence is attached at Appendix 8.5.

Satterley considers that there is still significant uncertainty which will remain in the absence of a COVID-19 vaccine that will lead to soft market conditions. Whilst the Government stimulus measures for housing construction have significantly boosted land sales, the initial rush has reduced. Satterley has forecast a reduction in lot sales and settlements for FYE 2021 and a consequential reduction in Lot Income of \$4.47M.

The following table outlines Satterley’s forecast for FYE 2021 in terms of Income, Development Costs, Distributions, Cash Position and Variances between the approved Project Budget FYE 2021 and the FYE 2021 Mid-Year Budget Review.

	Mid-Year Review FYE 2021	Project Budget FYE 2020	Variance
Gross Income	\$27.33M	\$31.80M	-\$4.47M
Development Costs	\$26.39M	\$28.20M	+\$1.82M
Distributions	\$3.00M	\$3.00M	\$0.00M
Cashflow	\$0.95M	\$3.59M	-\$2.65M

The Satterley FYE 2021 Mid-Year Budget Review forecasts the following key variations:

- Lot sales forecast at 94 lots, a reduction of 25 lots;
Reduction in sales for Stage 18 Group Housing Site and Stage 28 (Beach Precinct).
- Settlements forecast at 95 lots, a reduction of 22 lots;
- Lot Income forecast at \$27.33, a reduction of \$4.47M.
- Direct selling expenses are (\$0.2M) higher due to unused rebates in FY20 carried forward FYE 21.
- Development Costs forecast at \$26.39M, a reduction of \$1.82M;
Primarily associated with delay in the commencement/payments for Infrastructure works for the Connolly Drive Green Link Intersection, Portofino Promenade Extension and the Foreshore Access Road.
- Landscaping works forecast at \$1.15M, a reduction of \$0.52M;
Primarily associated with the deferral of Stage 16 verge works and Bore 6 works to FYE 2022;
- Annual Project Cashflow forecast at \$0.95M, a reduction of \$2.65M;

Distribution to member local governments remains unchanged at \$3.0M for FYE 2021.

CONCLUSION

The Satterley FYE 2021 Mid-Year Budget Review is based on current property market conditions and the latest sales/settlement information, approvals status, construction program and expenditure estimates. The Mid-Year Budget Review indicates that assumptions and predictions in the Project Budget FYE 2020 are generally still valid. However, Satterley considers that the current economic conditions and property market will result in a reduction in lot sales and settlements and a consequential reduction in Lot Income. The reduced Lot Income will be offset in part by lower development costs.

It predicts that the TPRC can meet all cashflow obligations without the need for any call upon member local government funds to meet any operating or capital expenditure.

The assumptions in the Satterley FYE 2021 Mid-Year Budget Review are supported. They generally represent a conservative position on the property market, sales/settlement predictions and forecast expenditure which is considered appropriate given the impacts of COVID-19. The Satterley FYE 2021 Mid-Year Budget Review is considered to provide an appropriate basis for financial planning for the TPRC Mid-Year Budget FYE 2021.

Satterley representatives will be in attendance to provide further information of the FYE 2021 Mid-Year Budget Review.

8.6 CATALINA GROVE DEVELOPMENT STRATEGY – ADDITIONAL ADVICE

Responsible Officer:	Manager Project Coordination
Attachments:	Satterley Property Group Advice – Implementation of Catalina Grove Development Strategy (2 November 2020) (Appendix 8.6)
Voting Requirements:	Simple Majority

Recommendation

That the Management Committee recommends that Council;

1. **RECEIVES** the additional advice provided by the Satterley Property Group dated 2 November 2020 regarding the implementation of the Catalina Grove Development Strategy and;
 2. **NOTES** that reports on market research, design guidelines and potential innovation and sustainability initiatives will be presented to the Council for consideration in the second half of FYE 2021.
-

PURPOSE

To consider additional advice provided by the Satterley Property Group (Satterley), as requested by Council, in respect to the intended implementation of the Catalina Grove Development Strategy (July 2020).

Policy Reference

N/A

Local Government Act/Regulation

Nil

Previous Minutes

Council Meeting: 20 August 2020 (Item 9.6 – Catalina Grove Development Strategy)

BACKGROUND

At its meeting of 20 August 2020, the Council approved the Catalina Grove Development Strategy to guide the development, marketing and sale of land in the Catalina Grove Precinct. The Council also requested that Satterley provide additional advice on the following matters prior to the first phase of development:

- (a) Commencement of Sales – rationale for sales commencing prior to Phase 1 civil works and the Connolly Drive and Neerabup Road landscaping being completed;
- (b) Local Centre site – recommendations on the timing for the marketing, sale and development of the site;

- (c) Builders' Display Village – seeking commitment from builders for the potential display village and interest in building demonstration housing, particularly the proposed micro-lots and terrace housing;
- (d) Lot sizes and configuration – further information, including market research, confirming market acceptance to the proposed lot sizes, particularly the proposed micro lots and terrace housing lots;
- (e) Marketing strategy - advice on the timing for the preparation of the Grove Marketing Strategy, in particular detail on how the marketing approach will emphasise the Grove Precinct point of difference with the other Catalina Precincts;
- (f) Preparation of Design Guidelines – advice on the timing for the preparation of the design guidelines;
- (g) Innovation/sustainability - advice on the timing for the preparation of information outlining the innovation/sustainability principles/approaches to be incorporated in the Grove Precinct.

COMMENT

The Development Strategy identifies the first phase of development in the north-western corner of Catalina Grove, which is to comprise of approximately 140 lots and a site for development of a local commercial centre.

Satterley has provided advice in its letter of 2 November 2020 on the matters requested by the Council. This advice is attached in Appendix 8.6.

The following represents a summary of Satterley's responses to the Council's requirements:

Commencement of Sales

Satterley advises that commencing sales prior to commencing civil and landscaping works in the Phase 1 area is based on the following rationale:

- Reduction in the availability of lots in Catalina Central and the need to bring forward stock in Grove to cater for anticipated demand.
- Ability to leverage sales from Catalina's established precincts, using the Catalina Beach Sales Office located in a premium location as the sales base.
- Use of marketing tools (including on-line virtual tours, 3D models, rendered imagery, brochures, signage) to sell the vision for development of Grove.
- Provides strong cashflow management and early activation of the site.
- Is consistent with its approach on its other projects and has minimal associated risk.

Local Centre Site

Satterley proposes to create and divest the Local Centre site as part of Phase 1 of the Grove Precinct to enable early activation of the Precinct and provide amenity and confidence to purchasers. Satterley proposes to seek expressions of interest (EOI) in Q4 of FYE 2021 from prospective purchasers/developers to acquire and develop the site. The EOI assessment criteria and sale conditions will include requirements for development timeframes and design and sustainability outcomes.

Builders' Display Village

Satterley proposes to seek EOI from builders in Q4 of FYE 2021 to construct display homes in a village to comprise of approximately 10-14 lots in a highly-visible location adjacent to Connolly Drive. The proposed location and lot mix will provide for a range of home types to be displayed, ranging from compact lots for terrace and cottage homes to conventional lot sizes, enabling the village to appeal to a wide range of builders and purchasers.

Lots Mix

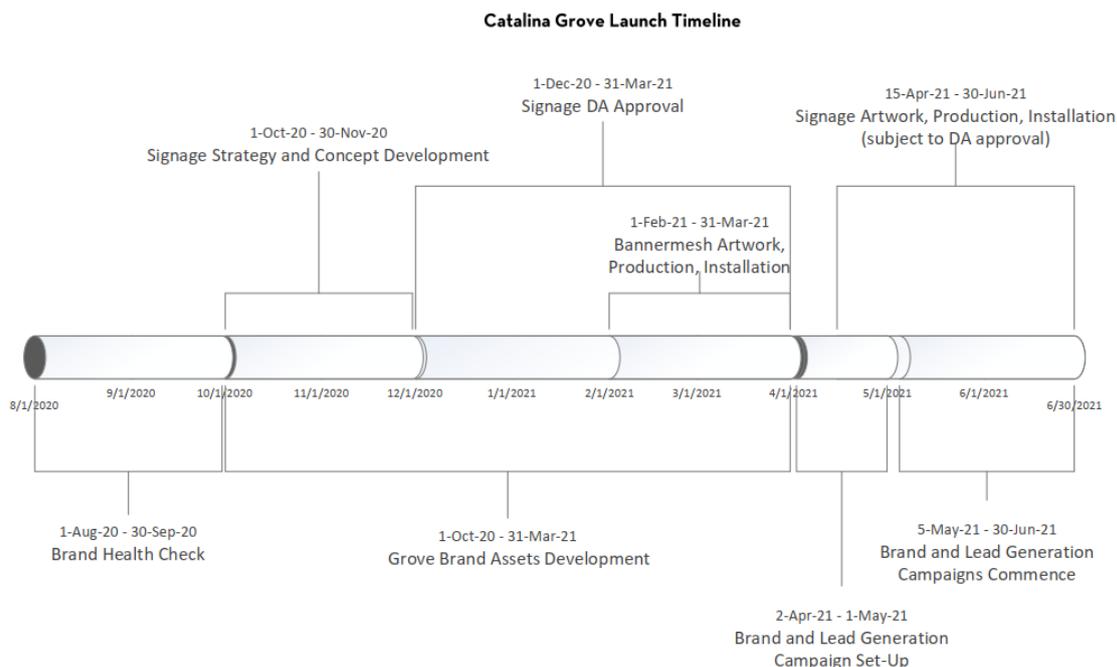
Satterley advises that the proposed lot mix responds to current market demands, buyer preferences, building trends and its location near transport infrastructure. It also is intended to create a price-point to cater for buyers who like the location but would be unable to afford to purchase if the lots were larger.

Satterley also advises that the road structure is robust and would allow the lot mix to be readily adjusted to respond to any changes in purchaser preferences over time. Market research has been commissioned to provide an additional indication of market acceptance of the proposed lot mix.

Lot Type	Area	Dimension	Percentage
Micro	80m ² – 145m ²	8m x 10m 10m x 15m 7m x 20m	5%
Squat	250m ² – 300m ²	12.5m x 20m 15m x 20m	10%
Cottage	190m ² – 380m ²	7.5m x 25m 10.5m x 25m 12.5m x 25m 15m x 25m	20%
Terrace	180m ² – 230m ²	6m x 30m 7.5m x 30m	30%
Conventional	325m ² – 520m ²	10.5m x 30m 12.5m x 30m 15m x 30m 17m x 30m	35%

Marketing Strategy

Satterley proposes that the marketing strategy will be based on promoting Grove’s attributes and the themes of nature, connections, health and time/convenience using various marketing tools and channels to convey the development vision and brand identity for the precinct and capture purchaser leads. Brand development has been commissioned to achieve the timeframes identified in the Development Strategy and the Project’s Annual Marketing Strategy.



Design Guidelines

Satterley advises that preparation of the design guidelines has commenced and they are to have a focus on sustainability, design quality and street appeal. Satterley proposes that the guidelines balance aspirational design and affordability, through a mix of mandatory minimum requirements and recommended design approaches. It is anticipated that the guidelines will be presented to Council for consideration in early 2021.

Innovation/Sustainability

Satterley proposes to supplement the intended achievement of 20% tree canopy and EnviroDevelopment accreditation in Grove by having a sustainability consultant advise on industry best practices and potential initiatives to be adopted in the development. It is anticipated that recommendations will be presented to Council in Q4 of FYE 2021.

CONCLUSION

The additional advice provided by Satterley on its intended implementation of the Catalina Grove Development Strategy is considered to provide an appropriate basis upon which to proceed with the first phase of subdivision/development and marketing of the Precinct.

The Annual Plan FYE 2021, approved by the Council at its meeting of 18 June 2020, identified the following matters being advanced for Catalina Grove:

- Identification of Phase 1 Subdivision – August 2020
- Commencement of Phase 1 Bulk Earthworks – May 2021
- Commencement of sales in the Grove Precinct - June 2021.

Given the recent strong sales in Catalina Central and reduction of available stock levels, advancing these matters is considered a priority.

It is recommended that Council receives the advice provided and notes that reports on market research, design guidelines and potential innovation and sustainability initiatives will be presented for the Council’s consideration in the second half of FYE 2021.

8.7 CONFIDENTIAL: TENDER 05/19, BUILT FORM PARTNERSHIP – STAGE 18 – UPDATE

Local Government Act/Regulation

Local Government Act 1995: Sect 3.57 – Provision of goods and services.

This item satisfies the requirements of Section 5.23 of the *Local Government Act 1995*,

enabling it to be considered at a meeting, or part of a meeting, that is closed to members of the public, on the grounds that it deals with:

c) A contract entered into, or which may be entered into, by the TPRC and which relates to a matter to be discussed at a meeting (section 5.23(2)(c)); and

8.8 CONFIDENTIAL: REVIEW OF CATALINA RISK MANAGEMENT PLAN 2019

Local Government Act/Regulation

Local Government Act 1995: Sect 3.57 – Provision of goods and services.

This item satisfies the requirements of Section 5.23 of the *Local Government Act 1995*,

enabling it to be considered at a meeting, or part of a meeting, that is closed to members of the public, on the grounds that it deals with:

c) *A contract entered into, or which may be entered into, by the TPRC and which relates to*

a matter to be discussed at a meeting (section 5.23(2)(c)); and

e) *A matter that if disclosed, would reveal –*

i) Information that has a commercial value to a person; or

ii) Information about the business, professional, commercial or financial affairs of a

person.

where the information is held by, or is about, a person other than the TPRC

(section

5.23(2)(e)).

**8.9 CONFIDENTIAL: REVIEW OF DELIVERABLES - DEVELOPMENT
MANAGER'S KEY PERFORMANCE INDICATORS**

8.10 CONFIDENTIAL: CATALINA ECONOMIC STRATEGY (2020)

Local Government Act/Regulation

This item satisfies the requirements of Section 5.23 of the *Local Government Act 1995*,

enabling it to be considered at a meeting, or part of a meeting, that is closed to members of the public, on the grounds that it deals with:

- c) A contract entered into, or which may be entered into, by the TPRC and which relates to a matter to be discussed at a meeting (section 5.23(2)(c)); and
- e) A matter that if disclosed, would reveal –
 - i) Information that has a commercial value to a person; or
 - ii) Information about the business, professional, commercial or financial affairs of a person.where the information is held by, or is about, a person other than the TPRC (section 5.23(2)(e)).

8.11 CONFIDENTIAL: LANDSCAPE ARCHITECTURE CONSULTANCY SERVICES TENDER

Local Government Act/Regulation

Local Government Act 1995: Sect 3.57 – Provision of goods and services.

This item satisfies the requirements of Section 5.23 of the *Local Government Act 1995*, enabling it to be considered at a meeting, or part of a meeting, that is closed to members of the public, on the grounds that it deals with:

- c) *A contract entered into, or which may be entered into, by the TPRC and which relates to a matter to be discussed at a meeting (section 5.23(2)(c)); and*
- e) *A matter that if disclosed, would reveal –*
 - i) *Information that has a commercial value to a person; or*
 - ii) *Information about the business, professional, commercial or financial affairs of a person.**where the information is held by, or is about, a person other than the TPRC (section 5.23(2)(e)).*

Note: Applies to Appendices only.

- 9. ELECTED MEMBERS MOTIONS OF WHICH NOTICE HAS BEEN GIVEN**
- 10. QUESTIONS BY ELECTED MEMBERS OF WHICH DUE NOTICE HAS BEEN GIVEN**
- 11. URGENT BUSINESS APPROVED BY THE CHAIR**
- 12. MATTERS BEHIND CLOSED DOORS**
 - 8.7 Confidential: Built Form Partnership – Stage 18 – Update
 - 8.8 Confidential: Review Of Catalina Risk Management Plan 2019
 - 8.9 Confidential: Review Of Deliverables - Development Manager’s Key Performance Indicators
 - 8.10 Confidential: Economic Strategy
 - 8.11 Confidential: Landscape Architecture Consultancy Services Tender
- 13. GENERAL BUSINESS**
- 14. FORMAL CLOSURE OF MEETING**

APPENDICES