

**HOUSING AND INDUSTRIAL LAND  
FEASIBILITY STUDY**

**FINAL REPORT**

Prepared for  
**WAKEFIELD REGIONAL COUNCIL**

**July 2003**

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## 1. STRATEGY

The main strategy is considered to revolve around Wakefield Regional Council (WRC) taking a less risky position with regard to development attraction in the Council area in comparison with recent land division projects undertaken in Balaklava and Pt Wakefield.

Many of the towns in the Council area have stable populations and are not likely to attract significant growth. This is particularly the case for towns / settlements such as, Avon, Bowmans, Halbury, Lochiel and Pinery. Unless a major industrial development or mining development commences operation near these towns the level of population is most likely to remain static. Council needs to ensure that services remain at current levels for residents in these smaller communities.

There are critical housing issues with regard to:

- Accommodation for older persons
- Disadvantaged persons
- Accommodation for worker families
- Provision of accommodation of a greater range of type (more smaller dwellings)
- Capacity and cost of infrastructure
- Lack of land in many towns

There are far less issues with regard to industrial land development in WRC. There is adequate land zoned, small demand levels and infrastructure deficits.

Attracting older persons to new more appropriate accommodation will free up existing dwellings that are likely to be suitable for families. Some community organisations actually have funds and an income stream that could help kick start a community housing project or an aged persons unit development.

Council has a number of freehold properties in various towns which should be used to assist with the achievement of the strategy.

A matrix is provided on the following page which details project or action, who should undertake the project or action, a timeframe and whether Council should be financially involved. Sections 2 – 8 of this report provide the background information, reasoning and analysis for the proposed strategy.

## Strategy Matrix

<b>Project / Action</b>	<b>Who</b>	<b>Timeframe</b>	<b>Financial involvement</b>
<b>Diekmann Tce, Balaklava land division:</b>			
- determine set of incentives	Council	July – August 2003	Yes
- seek joint venture partner through EOI process	Council	August – Sept. 2003	Yes
<b>Community Housing projects in various towns:</b>			
- enter formal discussions with BDCHA and SACHA	Council	July – Sept 2003	Yes
- determine exact locations and input to project	Council	Sept – Nov 2003	No
- prepare submission to SACHA	Council / BDCHA	Prior to Feb 2004	Yes
<b>Pt Wakefield Stage 2 land division</b>			
- determine solution for effluent disposal	Council	2003	Yes
- find joint venture partner for development	Council	2004	Yes
<b>Caravan Park extension at Pt Wakefield:</b>			
- purchase cabins and expand park	Council	Depends on wind farm development	Yes
<b>Purchase land from SAHT in Owen for community housing</b>			
- determine value of lots	Council	September 2003	No
- commence negotiations with SAHT	Council / SAHT	October 2003	Yes
<b>Aged Persons accommodation in Balaklava:</b>			
- pursue private sector involvement and/or community housing	Council	July 2003 onwards	Yes, by providing land
<b>Blyth land division:</b>			
- seek agreement from SA Water and ETSA Utilities to remove/ defer/ reduce augmentation charges by lobbying with the State Government	Council	July 2003 onwards	No
- determine set of incentives	Council	Jul – August 2003	Yes
- seek joint venture partner through EOI process	Council	September 2003 onwards	Yes
<b>Expand Caravan Park at Snowtown</b>	Council	Depends on wind farm development	Yes
<b>Rezone land at Bowmans to protect industrial operations</b>	Council / Planning SA	When Section 30 Review commences	No

<b>Project / Action</b>	<b>Who</b>	<b>Timeframe</b>	<b>Financial involvement</b>
<b>Amend zoning policies to encourage existing second houses on farms to become Bed and Breakfast accommodation</b>	Council / Planning SA / Tourism SA	When Section 30 Review commences	No
<b>Investigate rezoning land to the south and west of Hamley Bridge for residential</b>	Council / Planning SA	When Section 30 Review commences	No
<b>Place development controls on CT Zone to west of Owen</b>	Council / Planning SA	When Section 30 Review commences	No
<b>Seek expeditious resolution of native title issue at Lochiel</b>	Council / Crown Lands	July 2003 onwards	No
<b>Investigate potential rural living zones at Balaklava, Blyth and Owen</b>	Council / Planning SA	When Section 30 review commences	No
<b>Investigate rezoning of Coastal zoned land to the south of Pt Wakefield township</b>	Council / Planning SA / DEH	When Section 30 Review commences	No

## 2. INTRODUCTION AND METHODOLOGY

Connor Holmes Consulting and GSI Consulting were engaged by the Wakefield Regional Council to prepare a Feasibility Study and Business Plan for Housing and Industrial Land in the Council area.

The key aspects of the methodology in preparing this report have been:

- meeting with the Management Committee to discuss the study
- a tour of the various towns in the Council area
- a workshop held on the 7<sup>th</sup> May 2003 at Balaklava with various invited stakeholders
- discussions with local real estate agents, state government agencies involved with land, and various business owners and industrialists
- identifying potential parcels of land for housing and industrial development
- determining criteria for evaluating the various options and undertaking that evaluation
- identify potential development partners
- undertake a financial feasibility study on selected projects
- assess priority options

### 3. CONTEXT

#### 3.1 Regional Context

The consistent theme for the region surrounding the Wakefield Regional Council (WRC) is one of growth. Each Council is experiencing increased numbers of development applications, increased housing prices and generally improved economic growth. This is considered to be partly as a result of two good grain crops in 2000 and 2001 (below average grain crop in 2002) and increased investment in a range of primary / secondary industries (eg: wine industry in Clare Valley, Balco hay exporters, Ausbulk / AWB infrastructure expenditure, Primo abattoir, Mallala livestock market development) which have resulted in jobs growth.

Rental accommodation in towns such as Gawler, Clare, Mallala, Two Wells, Kadina, Moonta and Crystal Brook is in short supply. Rent for a 3 bedroom house with modern facilities ranges from \$120/wk to \$220/wk. Prices are lower for older dwellings with less modern facilities. A critical issue is that rental accommodation does not stay vacant for very long (usually less than 2 weeks).

A number of the surrounding Councils and Regional Development Boards are undertaking housing related studies. In 2002 Barossa, Gawler and Light Councils in conjunction with the Department of Industry and Trade had a residential land study prepared. It found residential land would run out in many of the towns in the Barossa in the next 5 – 8 years and that more land was needed to be rezoned to avoid a housing shortage and affordability problem. Mallala is about to have a Housing Study prepared. The Mid North RDB is about to have an aged persons accommodation study prepared.

With the supply of rural residential allotments being restricted in northern metropolitan Adelaide over the past decade and these type of allotments running out of supply in the Barossa Valley, Light (except near Kapunda) and at Lewiston people are beginning to look further afield to the Wakefield Regional Council for this lifestyle option.

Industrial land in the region is considered to be in plentiful supply in terms of zoned land, however infrastructure deficits mean little land is actually available for the market. This particularly applies to the industrial areas at Two Wells (currently being developed) and just north of Gawler (where the AMCOR bottle factory has been constructed). There is some industrial land available in Clare however, more is needed for the expected growth. Changes to the state policy framework for on farm industrial processing of primary produce in the past decade has meant that agri-industrial development is just as likely to occur on farm as in an industrial estate.

#### 3.2 Local Context

A copy of the ABS Regional Profile for 2001 is attached in Appendix A, however use of this data and particularly extrapolating the trends points to a very different scenario than exists on the ground. Trends for factors such as population, dwelling approvals, non-residential construction, and value of crops are all negative between 1996 and 2001.

More recent data, most of it locally sourced is far more positive. In the first five months of 2003 there have been 18 dwelling approvals, which is greater than any full year in the 1996 – 2002 period. Non residential construction has totalled over \$5million so far in 2003 whereas for the three years 1999 – 2001 the total was \$14.5million.

Since 2001 there have been around 200 jobs created at Primo abattoir. This has placed the local housing market in considerable stress, particularly with regard to rental and family housing.

Attached in Appendix B are reports from ETSA Utilities and SA Water regarding availability of power and water in the various towns in the Council area. Virtually all towns require augmentation of water supply. Often the SA Water preferred location for growth does not match with the zoning policies for the town. ETSA Utilities require transformers for each new medium sized development and in some instances new substations. The cost recovery regime in place for this infrastructure makes many potential projects unviable – this issue is not restricted to the Wakefield Regional Council.

As with the region rental accommodation is in short supply in all towns. Vacancy levels are considered to be between 1 and 2% which is very low.

The South Australian Housing Trust (SAHT) has a total of 34 dwellings in the Council area, all of which are either single units or cottage flats. Discussions with the SAHT have indicated that SAHT are more likely to reduce housing stock in the Council area and concentrate accommodation in towns with adequate support services (eg: doctors, hospital, a range of shops). In which case the only town likely to benefit from this is Balaklava. However, on Balaklava is low on the priority list in comparison with larger regional towns and in particular Adelaide. With a low capital expenditure budget additional accommodation is considered unlikely and certainly not to be relied upon in a housing strategy.

There is no Community Housing Association in the Council area. There is no youth or disabled specific housing in the Council area. Mill Court is the only aged persons accommodation of note in the Council area and has a significant waiting list for hostel and independent living unit accommodation.

### **Sales Data and Land Availability**

Information regarding sales of vacant land and general availability vacant land in the various towns is provided below

#### *Hamley Bridge*

Approximately 15 residential lots available.

Land on eastern side of Malcolm St (used for farming) is zoned and could provide approx 25 lots – subject to infrastructure. Zoned land also exists on the southern entry to the town – used for agriculture at present.

With economic development occurring in Barossa Valley, Gawler and Light it is suggested that expansion to township is possible in next 5-10 years due to spillover effect. Logical location is generally west towards the river as development will not impact on capacity of gravity infrastructure systems.

Sales data shows little demand/activity in past few years. In 2002, 1200sqm of vacant land sold for \$24,000 in Makin St. This means that developers maybe interested in projects but incentives likely to be needed.

Any expansion to town should provide for minor industrial activities to occur in suitable locations. This generally requires flat land. Northern side of town near the motor sales yard is suggested.

#### *Owen*

Around 25 vacant residential lots within the township. Many of these lots are actually used by adjoining owners as larger backyards and may not be available for development. Given low demand rates an expansion to the town ship seems unwarranted. Existing divided land to the north, west and south of the town, on the other side of the parklands is suitable for rural living lots.

Sales data for Owen indicates a 1000sqm of residential land is only worth \$11,000 which is far too low for a developer to be interested.

Two vacant industrial lots are located on the eastern side of town and therefore no additional industrial land zoning is warranted.

### *Blyth*

Approximately 15 vacant residential lots are in the town ship of Blyth. Although only one lot is currently available for development as the others are actually being used. A large parcel of land on the northern side of town (zoned CT) has been purchased by WRC and can accommodate around 55 large lots. Land is also being purchased from the State Government on the south side of the main road through town (formerly railway line) which is to be used for industrial purposes. Lack of water services in particular is restricting growth opportunities.

There is considerable vacant industrial land already zoned. It is considered the industrial land on the northern side of the town should be contemplated for residential use in the future should demand warrant it. Industrial activities should be catered for on the southern side of the main road.

Sales data indicates vacant residential land is worth around \$23,000 for 800sqm. When properties come onto the market they are quickly purchased which suggests that a higher price could be achieved. The market is dependent on prices and demand in nearby Clare which has been selling vacant land for between \$30,000 and \$50,000 for 1000sqm depending on topography and location in the town. The steep slopes in some locations means higher earthworks and/or footings costs which means the land is worth less. This is not an issue in Blyth.

### *Brinkworth*

Approximately 12 vacant residentially zoned lots are in the town.

Little industrial activity occurs in the town.

Sales data indicates very low levels of demand which is not surprising given the size of the town. A 1200sqm lot sold in 2002 for \$30,000.

No additional zoned land to create more residential allotments is considered necessary.

### *Snowtown*

Around 40 vacant residentially zoned lots are in town. There is ample vacant industrially zoned land on the southern side of town. Given the reduction in population it is considered that additional zoned land is not required.

Sales data indicates serviced lots are worth \$22,000 and unserviced lots are worth around \$1,000.

There is a lack of rental property. Houses that do come onto the market are selling quickly.

Opportunities exist with under utilised land if a use presents itself. If the wind farms proceed an additional 12 people will be employed fulltime after the construction period.

### *Lochiel*

Most of the town is undeveloped and essentially vacant. To make some lots available Crown Lands must resolve the native title issues.

Vacant land sales are few in number and lots are worth around \$8,000 for more than 2000sqm.

No additional zoned land is warranted given current circumstances.

#### *Port Wakefield*

Over 40 vacant parcels of land are located in the residentially zoned areas in the town.

A substantial area of Light Industrial zoned land is located on the northeast side of town which has ample development opportunity given a level of demand, which is not apparent at present this close to town. Infrastructure limitations with sewerage services is constricting growth. Topographical constraints also exist for future growth.

There is no need to rezone additional land for residential or industrial purposes at present. Industrial activities in the general area (Primo, Balco, Ausbulk) have dramatically increased jobs growth. There are significant problems with retaining staff (particularly with families) due to lack of suitable accommodation. Opportunities for growth exist for the caravan park and short term accommodation. Aged persons accommodation is in short supply.

Vacant residential land sales indicate 1300sqm serviced lots are worth around \$22,000. With 24 hour access to the gulf via a dredged channel the demand for land and dwellings is expected to increase. As such future residential lots of a similar size are likely to be valued in the mid to high \$20,000s.

#### *Bowmans*

Agri-industrial expansion near the town has been substantial in recent years. There is a lack of water supply that will restrict growth of certain types of industries

It is considered that residential development should be actively discouraged in and near the town due to potential industrial/residential land use conflicts.

#### *Balaklava*

Approximately 50 vacant residential lots are in the town. There is ample large parcels of land for residential development that is appropriately zoned. The same applies for industrial zoned land.

Recent sales data indicates that 1000sqm lots sell in the mid to high \$20,000s. Developers are likely to be interested where prices are at these levels (subject to raw land purchase price and sales rates). Unserviced lots of around 1000sqm have been selling at the eastern end of town for around \$10,000.

No additional zoned land needs to be provided.

With a good level of shopping, education, services and other town facilities Balaklava has the ability to be attractive for families, and retirees. The town is well located to take advantage of the jobs growth in Bowmans and Pt Wakefield.

The range of available housing in the study area is very biased towards family housing.

<b>Dwelling Type</b>	<b>Percentage</b>
Detached dwelling	94%
Attached dwellings	1.5%
Flats, units	2.4%
Other dwellings	1.9%

*ABS 2001 Census*

This range of housing does not match with profile of households in the Council area. Lone person households make up 10% of households and couples without children make up 40% of households. Whilst individual preferences mean that couple often want and can afford 3 bedroom homes, clearly the options are very limited in terms of smaller dwellings. This is particularly an issue for elderly people who may not be able to adequately look after a large dwelling and a large garden.

## 4. ISSUES

In an effort to assist with the lack of developers taking an interest in the area Council has undertaken two residential estate developments (one in each of Balaklava and Port Wakefield). Initially the selling price of land was below costs however more recent sales indicates that prices are approaching a level where full cost recovery, if not profit, can be achieved.

However, Council by its very nature needs to be prudentially careful and property development is an activity with many risks that need to be managed. As such Council is looking to minimise its exposure whilst achieving its aim of attracting more housing development.

At the workshop held on 7<sup>th</sup> May 2003 and using the results of the survey a number of issues were raised. These are categorised by town below:

### **Blyth**

- people go to Clare for shopping etc - convenience and proximity
- population increasing in last 2 years
- younger population moving in
- houses selling more quickly (less than 2 weeks)
- 2 new businesses in town
- housing markets – small (2 bed, 3 bed and 4 bed) – variety
- variety of lot sizes needed
- no rental available
- want a walking trail around golf course
- rezone Balco land to residential
- up coming Benbournie Estate – 55 lots
- olive crushing plant

### **Balaklava**

- people mainly use Balaklava – good range of services, some go to Gawler/Elizabeth
- increasing population in last 2 years
- need accommodation for aged, young couples and families
- need small and large house and ILU's for aged - mainly
- limited rental accommodation in town
- itinerant workers not catered for
- waiting list for aged accommodation increasing from 52 in 2000 to 75 in 2003 – low care
- 15 on waiting list for ILU's
- hospital and 5 doctors are attracting many aged persons (Port Wakefield, Snowtown, Port Clinton, Hamley Bridge and Brinkworth)
- don't have a motel
- industrial land available for development but no takers at this stage

### **Port Wakefield**

- use Balaklava for shopping
- increasing population due to Primo jobs
- need smaller houses generally
- no rental available
- need another motel
- need overnight and weekend accommodation
- up coming dredging of channel
- caravan park expansion is needed due to high occupancy rates. Location of expansion is an issue
- chicken boiler farms (less than 10 jobs)

### **Lochiel**

- go to Kadina and Snowtown for services
- no change in population

### **Snowtown**

- people go to Clare, Kadina, Port Pirie, if not using Snowtown services
- need short term accommodation – cabins, motel
- no rental available
- wind farm will result in construction jobs and some ongoing jobs
- need a Community Management Group
- the hospital has 33 places in ILUs, low and high care for aged persons. Aim is to have another 4 beds in the near future

### **Hamley Bridge**

- people go to Gawler for services – proximity, variety/choice
- increasing population in last couple of years
- no demand for aged cottage units
- need smaller housing for any age group
- hotel accommodation is lacking
- the private hospital has 25 beds for low and high care (aged accommodation) and another 12 being constructed at present. Aim is to have 55 beds over the next few years in order to be viable

The major issues arising out of the study are:

- Aged accommodation requirements
- Worker / family accommodation to satisfy jobs growth
- Wind farm and other construction related temporary accommodation
- Disadvantaged persons accommodation
- Infrastructure deficits exist in most towns and are affecting otherwise viable projects

The minor issues arising are:

- Industrial growth is largely catered for by existing zoned land, but there are infrastructure deficits
- Overflow housing from expanding neighbouring locations (eg: Clare, Light/Gawler)
- Demand for rural living land is strong
- Zoning for housing in some towns needs to be amended
- Existing second homes on farms should be encourage to be upgraded and used for bed and breakfast accommodation. This requires amendment to the Development Plan policies and encouragement to the farmers.

Discussions with various real estate agents have indicated that many of the workers coming to the area for work do not have documentation (references) that can be verified in order to obtain what little rental property is available. Those families that have references that are verified are able to obtain rental accommodation. As such part of the issue for worker housing is not just the total amount of rental housing or its price, but the criteria placed on potential rental property tenants by the property owners, which are not considered to be unreasonable. This situation is highly unlikely to change whilst the demand – supply balance is in favour of the land owners.

## 5. POTENTIAL SOLUTIONS

There will be a variety of solutions needed to be pursued in order to attract more housing development in the various towns in WRC.

### 5.1 Community Housing

With a lack of SAHT and community sector housing in the Council area it is considered the option of using SACHA (South Australian Community Housing Association) should be closely investigated. Discussions with SACHA – head office in Adelaide – indicated that there are two ways of obtaining funding. One is via the normal capital grant method, however there are limited numbers of dwellings that can be built each year across the State with the current budget. Alternatively a joint venture approach is more likely to receive funding. The details of this approach are in Appendix C. Briefly, through the auspices of a community housing association (CHA), preferably an existing association, the community (could be the Council) provides around 15-25% of the value of the project and SACHA funds the remainder. Council could provide the land and assist with project management of the construction as part of the 15-25% contribution. It is considered that allotments that Council obtain through non-payment of rates could be used for this purpose.

There are eligibility criteria for prospective residents, however with the average household income in the Council area being slightly under \$30,000 pa in 2001 around 40% of residents would qualify. The nearest CHA is the Barossa and Districts CHA who manage around 40 properties in the Barossa Valley to Clare region. Discussions with BDCHA have indicated they would be keen to assist in the Wakefield Regional Council area. BDCHA have a disadvantaged persons bias for prospective residents. In Wakefield RC there is no housing available for disabled persons or people with an intellectual disability. There is demand (at least 12 persons in the two categories mentioned above) in the region for this type of housing. Aged persons with limited income and assets could also be suitable residents.

The next round of funding for the joint ventures is likely to be in February 2004.

### 5.2 Worker Accommodation

In trying to find a solution for worker and workers' family accommodation there are a limited number of options:

- Formation of worker accommodation in a mobile home park / caravan park
- The employer provides a rental and bond guarantee as part of a salary sacrifice deal with the workers. This would then enable an investor(s) to deal with one head lessee rather than worrying about the various tenants. This is similar to the Defence Housing Authority approach.
- Utilisation of the Commonwealth Government rental subsidy for either of the above two options would potentially make the yield higher and therefore more attractive to investors

The first option is the simplest, cheapest and most likely to get the private sector involved. However, it has implications for the existing towns, particularly the town is in located in or near. The potential is clearly there for a social stigma to be attached to the "trailer home people" which could have negative impacts on the town. If a mobile home park was set up out of town the residents would be away from many services. On the other hand the social networks within mobile home parks (three exist in the northern suburbs of Adelaide at Virginia and Hillier) are quite strong. Whilst many mobile home parks are occupied by older persons they can be a stepping stone for young families to renting in the private sector or even buying a home. This option should not be disregarded lightly.

### 5.3 Temporary Accommodation

A potential solution for the temporary worker accommodation requirements regarding the wind farm projects is to place relocatable cabins on Council controlled land at either Snowtown or Pt Wakefield. These towns are considered to be the most suitably located in relation to where the wind turbines are to be erected. It must be kept in foremost in the mind that the proponents of the wind farm will be the decision makers as to where their workers will be accommodated. Competition may come from towns to the west of the ranges (eg: Bute). Our suggested solution is to obtain cabins from a company such as Ausco via a mixture of purchase and hire. Those that are purchased would be used by the caravan parks at Snowtown, Balaklava and Pt Wakefield to expand / upgrade their accommodation after the wind farms are constructed.

With 50 workers likely to be working on the wind farms there will need to be 25 two bedroom cabins or 17 three bedroom staff quarters or 13 four bedroom staff quarter or a mixture provided. Caravan parks are unlikely to want staff quarters in the long term as they are single person accommodation. We have prepared a basic costing in Appendix D. It would be preferable if the cabins could be located at Pt Wakefield and Snowtown in their final location (on the caravan park) to save on shifting costs. Council would not necessarily need to be the proponent for this as the wind farm development company maybe happy to undertake this activity. The key would be to ensure that some of the accommodation is purchased in cabin form that is suitable for use in the caravan park in the long term. It is considered that after 12 months use Council could have 12 two bed cabins and have only paid around 40-50% of their value by renting them. In the context of increasing capacity and quality of caravan parks in selected towns this is considered to be a worthwhile approach.

Early contact with the wind farm proponents is considered vital to progress this potential solution. There are quite often work gangs in the region undertaking construction and maintenance work which would benefit from cabins being available in caravan parks.

### 5.4 Town Solutions

A list of potential projects and actions was developed following the workshop. These are listed by town below, but are not necessarily in priority order. The town and number associated with the project/action below is used in the matrix in Appendix E of this report:

#### **Balaklava**

- 1 Aged care accommodation in various locations in town on land owned by Council – build 2-4 ILUs at a time with different price brackets for different sites
- 2 Community Housing Association (CHA) to build 2 bed dwellings on Council land as the opportunity arises
- 3 Residential estate (Diekmann Tce)
- 4 Rural living (South Tce / Dunns Rd property)
- 5 Low care / hostel for aged persons

#### **Blyth**

- 1 Benbournie estate (55 lots)
- 2 Light Industrial land adjacent Balco and Ausbulk facility on the northern side of town to be rezoned to residential
- 3 Rural living zone to the north of Benbournie estate
- 4 A pair of small 2bed dwellings on one lot in the town that is available

#### **Brinkworth**

- 1 Expand town boundary to include all allotments in Main St down to Sturt Pea Rd

### **Bowmans**

- 1 Reduce size of residential area in Settlement Zone in order to protect 24hr operations in Industry zone

### **Hamley Bridge**

- 1 Malcolm St land (currently a farm)
- 2 Expand town boundaries to the west and south (needs rezoning) – to be undertaken in medium term

### **Lochiel**

- 1 Seek removal of native title from land in township and make available to market

### **Owen**

- 1 Purchase land back from SAHT and get CHA to build 2 – 4 two bed dwellings for rental
- 2 Put development controls in place for Country Township zone on western side of parklands so that lots created are not too large
- 3 Rezone existing rural living areas to Rural Living

### **Pt Wakefield**

- 1 Caravan Park extension through purchase of cabins
- 2 CHA to build 2 bed dwellings on Council land as opportunities arise
- 3 Council owned remaining land on north side of town to be sold to developer once effluent issues are sorted out
- 4 Railway land on North St to be developed (land contamination issues)
- 5 Investigate development of a canal estate in samphire area on the southern side of town for the medium to long term

### **Snowtown**

- 1 Centennial park caravan park expansion. Link to windfarm worker temporary accommodation requirements and leave as cabins for caravan park. Could then use town sports facilities for carnivals as accommodation would be available.
- 2 Former SA Water office – potential to convert to aged care accommodation as hospital is adjacent
- 3 CHA to build some 2 bed dwellings on Council owned land when opportunity arises

## 6. EVALUATION

The various potential projects identified during the initial stages of the study and at the workshop held in Balaklava on 8<sup>th</sup> May 2003 need to be evaluated. The following criteria were developed at the workshop and refined after further discussion with the client's project officer. The criteria have been kept simple and easily measurable. No weighting for the criteria has been used, although from Council's point view of the priority criteria are (minimising Council risk by getting the private sector involved, providing support for industrial employment, providing support to employment opportunities outside of the WRC, and social needs of towns). The criteria and measurement method are as follows:

• Site readily available	Yes / No
• Price	Poor / Average / Good
• Infrastructure availability	Poor / Average / Good
• Demand (level of need)	Low / Average / High
• Development policies	Poor / Average / Good
• Proximity to employment	Poor / Average / Good
• Proximity to services	Poor / Average / Good
• Level of risk to WRC	Low / Average / High
• Affordability to WRC	Low / Average / High
• Private sector appeal	Poor / Average / Good
• Contribution to long term viability of town	Poor / Average / Good

The evaluation matrix in Appendix E identifies each potential project listed in Section 4 above and its evaluation by the various criteria.

In order for the private sector to become involved in housing as an investor a yield of 8-10% is usually sought. Traditional rental dwellings yield between 4 and 7% which is why the type of investors in this form of housing are usually private citizens and they are negatively gearing the property. With rents of around \$150/wk being able to be obtained for a solid 3 bedroom house in many of the towns in the Council area a yield of 5% can be obtained. Alternatively, with a \$20,000 allotment, a modern good quality transportable dwelling with landscaping and a total capital investment of \$75,000, a rental level of \$130/wk can provide a yield of 6%.

The two projects that we have undertaken Discounted Cash Flow spreadsheets (Blyth and Balaklava land divisions – see Appendix F) show the following:

### **Balaklava**

- The Balaklava land division at Diekmann Tce is viable, particularly if ETSA augmentation charges are minimised/eliminated.
- A private sector developer is considered likely to be interested in undertaking the development with a few conditions in place. These conditions would include – Council undertake the development works at a marginal cost rate as opposed to a full cost rate, the developer pays Council for the land when settlement of allotments occur (Council holds onto the land), Council agrees to purchase (at an agreed rate) a couple of allotments for community housing developments.

- It is considered that a benchmark price should be set reflecting growing optimism in the town and region. There is little competition if any by other developments and the market should be tested. An extra \$3-5,000 per lot makes a large difference to the profitability of the project.

### **Blyth**

- The project is viable and attractive to private sector developers if the SA Water and ETSA augmentation charges can be eliminated/reduced/deferred. This is the case even with a 40 month sales period.
- In attracting the private sector and financiers (banks) to be involved the main problem is the lack of sales evidence (therefore perceived lack of demand). As such high rates of return are going to be needed. Thus, dealing with the augmentation charges is critical.
- Undertaking the development in two stages (nominally 30 lots and 25 lots) only makes a minor difference to the overall outcome.
- It is considered that there should be more smaller allotments created. It is suggested that 60 lots be created with 6 lots being in the 300 – 400 sqm range. This will assist with spreading the augmentation costs and is likely to attract a wider market.
- Augmentation of the water system will benefit the remainder of the town by improving pressure. It is considered that a special rate could be levied on the remainder of the town to pay for part of the augmentation costs.

## 7. DEVELOPMENT PARTNERS

Informal discussions were held with a number of land developers who operate in South Australia. The general points to take from those discussions are:

- the non-metropolitan Adelaide areas are generally “off the radar” for developers due to their being plenty of projects in Adelaide at present
- a higher potential return is expected prior to becoming interested due to the smaller size of the market
- pure land developers do not consider projects in small regional towns as being viable due to slow sales rates (1 or 2 per month) and low selling prices
- financiers (banks) who lend for land development projects are very data oriented and the sales figures for the study area do not present a glowing picture in comparison with Adelaide or larger regional town markets (eg: Victor Harbor, Mt Barker, Barossa Valley towns, Port Lincoln)

Even the earthmover contractor type developers indicated that they would still need to charge full rates for such a project as there is plenty of work (ie: no down time in which to undertake a small less profitable project).

The house and land package developers indicated that unless there were a few presold house/land packages they would not be interested.

Without specific sites and details being able to be discussed developers were reluctant to provide a specific commitment to pursue the matter further.

It is considered Council should try to attract the following types of developers:

- house and land packages
- small developers who operate from home (lack the overheads)
- local real estate agents

In moving this aspect forward it is considered Council should get the two main land division projects (Balaklava and Blyth) into a position where infrastructure issues are resolved and a set of incentives (to be offered by Council) are developed which are specific to each project. Council should enter in to joint venture arrangements to protect their asset (land), ensure a particular outcome, and pass on as much of the risk to the developer as is possible. An expression of interest document should be prepared inviting interested parties to become a joint venture partner with Council. This process should target regional papers as well as using the Advertiser.

With regard to the range of incentives that may be appropriate the following should be considered:

- Council holding onto the land until settlement has occurred.
- Council undertaking the development works (particularly road construction) at marginal cost rates as opposed to full cost rates.
- Council assisting with landscaping of reserves and verges
- Reduction in rates on vacant parcels of land whilst development is being sold

If the private sector is not interested then Council should very carefully consider whether it continues with its role as developer. It is considered that Council should only undertake one such developer role project at a time due to the risks. It does appear that the Balaklava project (Diekmann Tce) is more viable than the projects already undertaken in Balaklava and Pt Wakefield.

Rob McDonald (Newmac Investments P/L trading as NPI ph:82727073) undertakes pensioner rental developments around South Australia. He is worth pursuing with regard to aged persons accommodation in Balaklava.

## 8. PRIORITIES AND RECOMMENDATIONS

Of the various projects considered the priorities are considered to be:

- development of the residential estate in Diekmann Tce Balaklava. This may be a suitable site for Primo to develop worker housing.
- attracting community housing to various towns for disadvantaged persons through the Barossa and Districts Community Housing Association
- caravan park expansion at Pt Wakefield
- develop aged persons accommodation (not hostel or nursing home) in Balaklava on various lots around town for rental using the Commonwealth private rental subsidy scheme
- development of the Benbournie residential estate at Blyth
- purchase land from SAHT in Owen to develop community housing
- undertake the second stage of the Council owned land division at Pt Wakefield once the effluent treatment system can cope with the extra development
- expand the caravan park at Snowtown

If the windfarms are developed then the temporary accommodation project should be a high priority as it will be able assist with expansion of the caravan parks in various towns.

Of the various non-development project actions the priorities are considered to be:

- reducing the potential for residential development at Bowmans which might impact on 24hr operation in the industrial area (urgent)
- change the zoning policies to encourage existing second homes (the older heritage looking dwellings) to become bed and breakfast facilities (immediate)
- investigate the rezoning of land in the south and west of Hamley Bridge for township expansion in the medium term
- place development controls on vacant Country Township zoned land on the western side of the parklands at Owen
- seek expeditious native title removal by Crown Lands for land in the Lochiel township
- investigate potential rural living zones at Balaklava, Blyth, and Owen.
- investigate rezoning of Coastal zoned land at the south of Pt Wakefield to create a canal residential estate (long term)

