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<b>ITEM NO</b>	: 4.6
<b>SUBJECT</b>	: LEASING OF ROAD RESERVE ADJACENT TO 13 EUTHELLA AVE, HUNTERS HILL
<b>STRATEGIC OUTCOME</b>	: COUNCIL IS FINANCIALLY SUSTAINABLE
<b>ACTION</b>	: COUNCIL DEVELOPS COMMERCIAL OPPORTUNITIES THAT GENERATE ALTERNATE SOURCES OF INCOME/REVENUE (E.G. PROPERTY PORTFOLIO)
<b>REPORTING OFFICER</b>	: NICK TOBIN

Ref:446067

**PURPOSE**

To consider a five (5) year lease to the owners of 13 Euthella Avenue, Hunter's Hill of land totalling approximately 834 sqm adjacent to 13 Euthella Avenue, Hunters Hill (the **Road Reserve**) under the NSW Roads Act 1993.

**RECOMMENDATION**

1. That a lease be prepared for the Road Reserve and issued to the owner of 13 Euthella Avenue, Hunter's Hill.
2. That the Road Reserve lease be for a five (5) year period from the date of its execution for a sum of \$20,000 per annum (excluding GST) subject to annual CPI adjustments.
3. That the Lessee meets all legal costs associated with the Road Reserve lease.
4. That the Mayor and General Manager be granted Delegated Authority to execute the documentation as required.

**BACKGROUND**

The Road Reserve, which is the subject of this report comprises of a rectangular strip of land adjacent to 13 Euthella Avenue, Hunter's Hill. The land is not accessible to the general public and in general is maintained by the adjacent owner, being 13 Euthella Avenue. The total Road Reserve area is approximately 834 square metres. See attached Valuation Report for details of the Road Reserve at Attachment 1.

Council received a request from the owner of 13 Euthella Avenue, Hunter's Hill to purchase this Road Reserve, however there are a number of matters that need to be considered before a decision on this request can be made. In the interim leasing the Road Reserve to 13 Euthella Avenue, Hunter's Hill would be appropriate.

**REPORT**

A lease agreement has not been in place previously for this particular Road Reserve. Council received a rental valuation of \$20,000 per annum (excluding GST) in December 2019. The owner agreed to this valuation.

Whilst the Road Reserve is an extensive piece of land it should be noted that the area to be leased is landscaped open space, only accessible from 13 Euthella Avenue, Hunter's Hill. As part of the lease, the 13 Euthella Avenue owners will be required to maintain the area and will not be able to remove any trees or landscaping without Council's approval. In addition, no structures will be allowed on the Road Reserve.

**FINANCIAL IMPACT ASSESSMENT**

Lease fees will provide additional income for Council.

**ENVIRONMENTAL IMPACT ASSESSMENT**

There is no direct environmental impact on Council arising from Council consideration of this matter.

**SOCIAL IMPACT ASSESSMENT**

There is no direct social impact on Council arising from Council consideration of this matter.

**RISK ASSESSMENT**

There are no direct or indirect risks impacting on Council arising from consideration of this matter.

**ATTACHMENTS**

1. Land Evaluation



**VALUATION  
OF LAND  
FOR POTENTIAL LEASE**

*Prepared By:*

***Ross Sheerin AAPI***  
*Registered Valuer & Property Consultant*

9<sup>th</sup> December 2019



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**V A L U A T I O N   S U M M A R Y**

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**PROPERTY**

Land defined part road reservation Euthella avenue Hunters Hill, adjoining Lot 2 Deposited Plan 29392 as defined on annexure A in this report.

**DESCRIPTION**

The land as shown on annexure A comprises a generally rectangular allotment along the part of south eastern side boundary of 13 Euthella Avenue Hunters Hill

**CLIENT**

The Municipality of Hunters Hill

**INSTRUCTIONS**

We have been requested to provide a reviewed assessment of the current rental market value of the property for the purpose of assisting negotiations for a proposed lease. The land is identified as road reservation and comprises a generally rectangular shaped parcel comprising approximately 834 square meters.

**DEFINITION OF MARKET VALUE**

The estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arms-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently, and without compulsion.

**DATE OF INSPECTION**

6<sup>th</sup> December 2019

**VALUATION**

We are of the market value of the subject portion of Euthella Avenue Hunters Hill as at 8<sup>TH</sup> December 2019 is

**\$20,000 (excluding GST)**

**TWENTY THOUSAND DOLLARS PER ANNUM**

## VALUATION REPORT

### INTRODUCTION

We have been instructed by Mr Nick Tobin on behalf of Hunters Hill Council

It is noted that our advice is required for the purpose of a potential lease and cannot be used for mortgage purposes and in this connection we have made relevant investigations and enquiries enabling us to report as follows:

### CRITICAL ASSUMPTIONS

**Verifiable assumptions** relate to encumbrances, Owners Corporation matters, zoning, encroachments and sewer location. They may be confirmed by reference to a full title search, Sec. 149 Certificate under the *Environmental Planning and Assessment Act 1979* from the Hunters Hill Council, and a sewerage diagram from Sydney Water.

**Assumptions requiring further consultancy** relate to environmental issues, structural integrity of the improvements.

**Assumptions based on opinion** are those detailed under our headings Valuation Approach and General Comments.

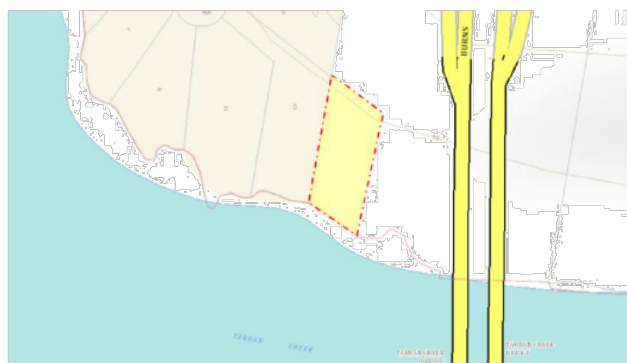
### LOCATION

The subject land is located upon the Hunters Hill peninsula, being approximately ten (10) kilometres from the Sydney Central Business District.

The subject is a south east facing property with an aspect to Tarban Creek .

Surrounding development comprises single residential dwellings.

Location Map



**Arial View**  
Indicative only of subject land



## LAND AND TITLES

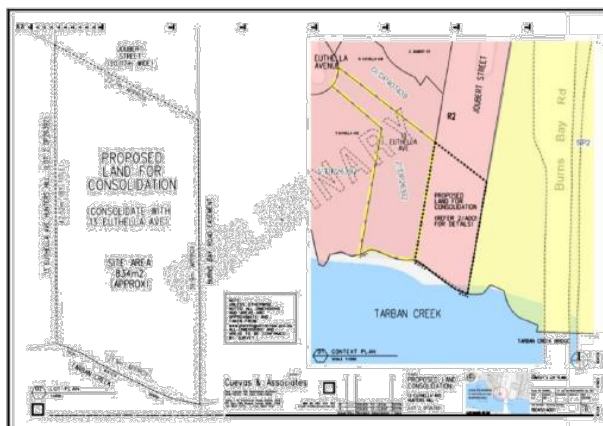
The parent land forms an irregular allotment. The drainage appears sufficient. The advised total land area of approximately **832 square metres** (as per annexure A provided by Council).

The subject property is within the Joubert street road reservation. Should further searches be forwarded to the valuer by the Client, our valuation may require a review. A full title search is recommended.

The land has no street frontage to Joubert or Euthella Street with an advised area of approximately 834 square meters.

The valuation has been assessed from a site inspection and perusal of the supplied plan attached to this report.

Supplied plan



## TOWN PLANNING

**SALES EVIDENCE**

<u>Address</u>	<u>Date</u>	<u>Sale Price Strata Unit \$/m<sup>2</sup></u>	<u>Comments</u>
3 Reiby Rd Hunters Hill	06/2019	\$5,450,000	An original four bedroom two bathroom dwelling located on Hunters Hill peninsula .Total land area 962 square meters. North facing with pontoon. Some noise affectation from Fig tree bridge. Land component assessed at \$5197 per square meter.
1 Euthella Ave Hunters Hill	03/2019	\$3,470,000	A brick veneer 1970s dwelling comprising three bedrooms , two bathrooms, double garage. High set on inferior waterfront location .Total land area 657.7 Square meters. Land component assessed at \$4561 per square meter.
5C Woolwich Rd Woolwich	09/2019	\$6,350,000	Contemporary dwelling Comprises five bedrooms, 5 bathrooms, five car garage .Building area approx. 520 square meters ,total land area 1188 square meters. Land component assessed at \$4100 per square meter.
17 Lloyd Ave Hunters Hill	09/2019	\$5,860,000	An 19602 "Sydney School" designed 4 bedroom dwelling located on north facing waterfront allotment. Total land area 866.5 square meters. Land component assessed at \$5090 per square meter
8 Euthella Ave Hunters Hill	12/2019	\$2,800,000	A tri level dwelling house with pool . Good views. Land area 432 square metres. Land assess at \$3200 m2
35 Bonnefin Rd Hunters Hill	12/2018	\$4,900,000	A architect designed and built two level dwelling house with pool . Good river views. Land area 1114 square metres. Land assess at \$2800 m2

The above sales reflect the following rate range for land **\$2800 /M2 - \$5197/** per square meter

### VALUATION APPROACH

The highest and best use of the subject is considered to be for residential development as part of a single land holding. Accordingly I have analysed the sales of R2 zoned properties in the area.

For the purpose of the report the direct comparison approach based on a assessed land rate per square metre has been used. The land on its own has no development potential and is limited in use due to the location of the easement though the parcel.

We have previously analysed the lease of waterfront land leased by Transport NSW through Roads and Maritime Services . Rents for domestic leases are calculated on a rate per square metre of occupation. These wetland rates are subject to review annually to reflect the latest statutory land values. The Service has rental rates for the different precinct around Sydney. The subject lies within Precinct 4 , Sydney Harbour Northwest. Each precinct has allocated a "wetland "Rate of \$23.63 per square meter. Since these areas are below mean high watermark we consider the rate is inferior to what would be expected of a elevated land parcel with views and road access. We would consider a rate of \$23.67 per square meter appropriate for the subject land.

As a check a potential yield of 3 % capitalization indicates a value of \$750,600 which falls within our range of value

Based on our analysis of comparable sales land component and given the location of the site we have adopted a **rate of \$3000** per square meter and applied a discount of 70% due to the limited users of the land and the limited use with easements.

Our calculations are as follows:

#### Rental by capitalisation rate

1. 834square meters @ \$3000 psm.	<b>\$ 2,502,000</b>
Discounted by 70% for the purpose of limited use, limited parties	<b>\$ 1,751,400</b>
Assessed value	\$ 750,600
Rental Capitalisation rate 3 %	\$ 22,518
Less provision for maintenance	\$ 3,000
Balance	<b>\$ 19,518 PA</b>

#### Calculation by Roads and Maritime Services wetland rate

Land Area 834 m2 @ \$23.67 m2 (wetland rate)	<b>\$ 19,740PA</b>
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Hunters Hill Council advised the following:

Zoning:	R2
Planning Scheme:	Hunters Hill Local Environmental Plan 2012.
Permitted Use:	Residential.

The above zoning information was accessed from Council records and should be verified by the Client by way of a Certificate issued under Section 149 of the Environmental Planning & Assessment Act, 1979. Should a Certificate indicate zoning information to the contrary, we reserve the right to amend our assessment.

#### **SITE CONTAMINATION**

While the subject property appears suitable for the existing use, no soil tests or environmental studies have been made available to us. There are no signs of contamination and it is therefore presumed that there are no surface or sub-surface soil problems, toxic or hazardous wastes or building material hazards in or on the property that would adversely affect its existing or potential use or reduce its marketability --- although we cannot and do not warrant that this site is contamination free.

#### **APPROVALS**

This assessment presumes that all relevant Authority approvals required are in place in respect of this property.

#### **INSPECTION LIMITATION**

We have carried out an inspection of the exposed and readily accessible areas of the improvements. However, the valuer is not a building construction or structural expert and is therefore unable to certify the structural soundness or compliance of the improvements. Readers of this report should make their own enquiries.

## GENERAL COMMENTS

The subject land comprises a rectangular parcel with a frontage to Tarban creek of 21.9 metres and a rear northern boundary of 22.7 meters. Side boundaries are 39.9 and 42.52 metres respectively, as shown in the annexed plan. As requested we have valued the land in for the purposes of assisting negotiations for a proposed lease.

The subject land has no direct street access and abuts an section of un made road at the north (Joubert Street) We therefore consider the only practical users of the site are the owners of 13 Euthella Ave Hunters Hill or potentially the properties at 10 Euthella Ave and 2 Joubert Street provided a right of way can be obtained for access.

The parcel has a cliff section at the Joubert street (northern boundary) that could be accessed from Joubert Street by stair or mechanical access.

Our rental value by adoption of Roads and Maritime Services Wetland Rate is \$19,740 per annum while we have utilised a capitalisation of the assessed value of the land as a check method for the subject property, at \$19,518 per annum

We have analysed the sale of land in the area and made allowance for the limited use and purchasers of the site. There may be argument that the subject land may also be of significant public benefit providing vision of a natural rocky outcrop along the street, green space and aces to Tarban Creek foreshore to the public. These type of outcrops are a significant feature throughout the Municipality and have often been the subject of conditions of retention in developments in the area.

Hunters Hill Council consolidated Development Control Plan 2013 mentions the significance of rocky outcrops

“Successive planning policies which have been adopted by Hunter’s Hill Council over the past thirty years confirm that the existing character and identity of this Municipality may be explained according to four broad themes:

(a)

Natural or scenic qualities which include:

(i)

Major waterways and tributaries, together with shorelines that are defined by the Hunters Hill LEP 2012 as riparian lands.

(ii)

Bushland reserves, slopes and foreshores which provide scenically prominent backdrops to waterways, shorelines and nearby residential hillsides, and which are defined as river front areas or foreshore areas by the Hunters Hill LEP 2012

(iii)

An extensive tree canopy for river front areas in particular, which ensures that building forms or structures do not visually dominate scenically prominent backdrops to waterways.

(iv)

**Rock outcrops and rock platforms are features of some foreshore areas and riparian lands, and of some properties in river front areas.**

(v)

Scenic views and vistas which are available towards waterways, shorelines or bushland reserves from many public places and residential properties, and which include glimpses beneath the tree canopy as well as shared views across residential properties (either between or above existing buildings).”

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The addition of this parcel to allotment at 13 Euthella Avenue provides both a potential increase in the passive and active areas for the site by substantially increasing the total usable land area of that site.

Should a surveyors report indicate any substantial variations in these areas then this report may require review, although, this seems unnecessary at this point.

We have considered a capitalisation as a check method on the rental for the land parcel. In so far as a fair rental for the parcel we believe that a higher capitalisation rate would be appropriate in the circumstances. Given there is limited practical users of the subject land, being the public, or neighbours on either side of the subject, we believe the risk factor warrants a rate of return of three percent (3.%) per annum based on our assessment of the land value.

Our interpretation and assessment of the subject land may well be used to negotiate between the parties in reaching a fiscal agreement between the parties on the disposal of the said parcel or rental .

## DISCLAIMERS & QUALIFICATIONS

This valuation is free exclusive of GST and is made on the following assumptions:

- (i) That the property is not subject to any undisclosed encumbrances or restrictions that would affect the valuation in any way.
  - A) That any works or structures are wholly within the subject land.
  - B) That there are no encroachments upon the subject land.

The valuation is made subject to the following limiting conditions:

That the ownership, legal description, zoning, dimensions and area have been ascertained by due enquiry but have not been the subject of a title search. This valuation is for the use only of the party to whom it is addressed and for no other purposes. This valuation can only be relied upon for valuation purposes only and by the direct client. Possession of this report or a copy thereof does not carry with it the right to publication, nor may it be used for any purposes by anyone but the applicant without the written consent of the Valuer.

The value stated in this report is only valid for a period of three months from the report date. This valuation is current as at the date of valuation only. The value assessed herein may change significantly unexpectedly over a relatively short period (including as a result of general market movements or factors specific to the particular property). We do not accept liability for losses arising from such subsequent changes in value. Without limiting the generality of the above comment, we do not assume any responsibility or accept any liability where this valuation is relied upon after the expiration of 3 months from the date of the valuation, or such earlier date if you become aware of any factors that have any effect on the valuation. No responsibility is accepted to any third party who may use or rely on the whole or any part of the content of this valuation.

### DEFINITION OF MARKET VALUE

Market Value is defined as the estimated amount for which an asset should exchange on the date of valuation, between a willing buyer and a willing seller in an 'arms length' transaction after proper marketing, wherein the parties had each acted knowledgeably, prudently and without compulsion.

### BUILDING & CONSTRUCTION

This Valuation inspection and Report does not constitute a structural survey and is not intended as such. We have carried out an inspection only of the exposed and readily accessible areas of the improvements. Note, the Valuer is not a building construction or structural expert and is therefore unable to certify the structural soundness of the improvements. Readers of this report should make their own enquiries. This Valuation has been based on the condition of the structural improvements and the property in general as at the inspection date, and if the property has to be sold in circumstances where its condition has deteriorated and/or essential fixtures/fittings removed there is likely to be a significant write down in the asset value when compared to the current assessment. Under these circumstances the Valuer will not be responsible for any reduction in value.

### LAND DIMENSIONS/AREA

Unless stated as otherwise in this report we advise that we have not searched or been provided with a copy of the current Title or Registered Plans and that any dimensions or land areas quoted in this report have been obtained from third party information sources and whilst every endeavour has been made to verify such information we accept no responsibility for inaccuracy of any information provided and relied upon.

### ENVIRONMENTAL

The client acknowledges and recognizes that the Valuer is not expert in identifying environmental hazards and compliance requirements affecting properties. The Valuer has endeavoured to identify all matters of environmental concern and the effect they might have on the value of the property.

However, the Valuer will not be held liable nor responsible for his/her failure to identify all such matters of environmental concern and the impact which any environmental related issue has on the property and its value including loss arising from site contamination; or the non-compliance with environmental laws; or costs associated with the clean up of the property to which an environmental hazard has been recognized, including action by the Environmental Protection Agency to recover clean up costs pursuant to the relevant Environmental Protection Act.

**MARKET MOVEMENT & REPORT EXPIRY**

This valuation is current as at the date of valuation only. The value assessed herein may change significantly and unexpectedly over a relatively short period (including as a result of general market movements or factors specific to the particular property). We do not accept liability for losses arising from such subsequent changes in value.

**CERTIFICATE OF TITLE**

Unless stated as otherwise in this report we advise that a copy of the current Certificate of Title has not been provided or searched. This valuation assumes clear title. Should any encumbrances, easements, leases or other restrictions not mentioned in this report be known or discovered then the valuation should be referred to the valuer for comment.



Valuer: R.SHEERIN, AAPI  
API No. 69687

Signature

