

WARREN SHIRE COUNCIL

Report of the Divisional Manager of Finance and Administration to the Ordinary Meeting of Council to be held in the Council Chambers, Warren, on Thursday 25th June 2020

ITEM 6 SALE OF LAND – LOTS 53 & 54 DP872884 – DEACON DRIVE WARREN (S1-8.2/53 & 54)

RECOMMENDATION

1. That Council advise the prospective purchaser it will discount an amount of \$1,000.00 off each lot therefore reducing the sale price from \$35,600.00 to \$33,600.00,
2. Council agree to enter into an extended term contract with the prospective purchaser where one quarter of the purchase price being \$8,400.00 is payable on signing of the contract and three further instalments of \$8,400.00 payable annually over three years interest free,
3. Council advise the prospective purchaser that Warren Shire Council will have the first Mortgage over the titles of the land until payment of the full price is repaid, and
4. Authority be given to the Mayor and/or General Manager to sign all documents in relation to the sale land if it the prospective purchaser wishes to proceed.

PURPOSE

To inform Council of a letter received from a prospective purchaser of Lots 53 & 54 DP872884 – Deacon Drive Warren requesting consideration of a reduction in price for the purchase of both lots.

BACKGROUND

Council developed the Gunningba Estate Stage 2 in 1997/98 creating 28 allotments for residential housing, upon completion of the project Council set the sale price for each lot based on the cost of the project and size of the lots. These prices have not been amended since being set back when the new subdivision was completed.

REPORT

Council has received a letter from a prospective purchaser offering to buy Lots 53 & 54 DP872884 – Deacon Drive Warren and requesting consideration of a reduction in price for the purchase of both lots (copy of the letter is attached to this report).

Council developed a “Terms of Sale” documents after the Gunningba Estate Stage 2 was completed to attract purchasers as follows:

Terms of Sale

1. *A discount of \$1,000.00 on the purchase price of the land, subject to the net purchase price being paid in full at the time of settlement; or*
2. *An extended term contract being entered into providing for a deposit of a quarter of full purchase price at the time of settlement and three further quarterly payments of the purchase price being made annually for the following three (3) years. No interest would be payable by the purchaser on monies owing to Council.*
3. *Warren Shire Council to have first Mortgage over title of land.*

The last sale of land by Council in the Gunningba Estate Stage 2 development was back in 2016 and with the current economic climate it is pleasing that there is interest in the possibility of further development in the area.

Due to there being no sales of land in that area since 2016 and to encourage development and add to the Warren Shire rate base it would not be unreasonable to offer the prospective purchaser an incentive by way of a discount in the purchase price and offering the extended term contract repayment option.

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CONTINUED

FINANCIAL AND RESOURCE IMPLICATIONS

Council has already resolved through the Terms of Sale document to offer a \$1,000.00 discount if the sale was paid in full on settlement. With the current 90 day interest rate on investments at 0.90% there would be very minimal financial detriment to Council by also offering the extended term repayment option.

LEGAL IMPLICATIONS

Nil

RISK IMPLICATIONS

Nil

STAKEHOLDER CONSULTATION

Nil

OPTIONS

N/A

CONCLUSION

It is recommended that Council advise the prospective purchaser it will discount an amount of \$1,000.00 off each lot therefore reducing the total sale price from \$35,600.00 to \$33,600.00. Also, Council agree to enter into an extended term contract with the prospective purchaser as per the "Terms of Sale" document.

LINK TO POLICY AND / OR COMMUNITY STRATEGIC PLAN

1.1.7 Investigate initiative in attracting and retaining working families.

SUPPORTING INFORMATION / ATTACHMENTS

Copy of letter received offering to buy Lots 53 & 54 DP872884 Deacon Drive Warren.

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CONTINUED

[REDACTED]
[REDACTED]
[REDACTED]

22nd June 2020

Mr Darren Arthur
Divisional Manager of Finance and Administration
Warren Shire Council
115 Dubbo Street
WARREN NSW 2824

Dear Darren,

Following our recent telephone conversations, [REDACTED] and I would like to express our interest in purchasing two lots of land that are currently for sale in the Gunningba Estate along Deacon Drive – Lot 53 (900 square metres - \$17,250.00) and Lot 54 (1039 square metres - \$18,350.00) for a total of \$35,600.00.

We plan to build an extensive house on this land if approved. Warren as a whole would also be the beneficiary of residential construction with the positive direct and indirect economic benefits that would be a result of this going ahead. We would like to further add that our residence will significantly add value to the estate as this land will be used to erect a high quality house – noting this land has been vacant for a significant period of time. With this in mind, we would ask for the Warren Shire Council to consider a reduction in price if both lots are bought together and at the same time where both lots would require amalgamating into one lot of land for rates purposes. In terms of finance, we would also like to take advantage of your three year interest free period to repay the agreed land price.

Thank you for your consideration of this proposal and I look forward to your response.