

minutes

Strategic Financial Management Committee

MEETING HELD ON **MONDAY, 13 JUNE 2011**

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CITY OF JOONDALUP

MINUTES OF THE STRATEGIC FINANCIAL MANAGEMENT COMMITTEE MEETING HELD IN CONFERENCE ROOM 2, JOONDALUP CIVIC CENTRE, BOAS AVENUE, JOONDALUP ON MONDAY, 13 JUNE 2011

ATTENDANCE

Committee Members:

Cr Mike Norman Deputy Presiding Person
Cr Tom McLean
Cr Philippa Taylor
Cr Brian Corr
Cr Russ Fishwick

Observer:

Cr Chester

Officers:

Mr Garry Hunt Chief Executive Officer
Mr Mike Tidy Director Corporate Services
Mr Martyn Glover Director Infrastructure Services
Mr Tim Hegney Governance Coordinator

DECLARATION OF OPENING

The Deputy Presiding Person declared the meeting open at 6.00pm.

APOLOGIES/LEAVE OF ABSENCE

Apology:

Mayor Troy Pickard
Cr Amphlett

Leave of Absence previously approved:

Cr Hamilton-Prime 11 June – 21 June 2011 inclusive
Cr Liam Gobbert 24 June – 18 July 2011 inclusive
Cr John Chester 21 July – 30 July 2011 inclusive

CONFIRMATION OF MINUTES

MINUTES OF THE STRATEGIC FINANCIAL MANAGEMENT COMMITTEE MEETING HELD ON 20 APRIL 2011

MOVED Cr Fishwick SECONDED Cr McLean that the minutes of the meeting of the Strategic Financial Management Committee held on 20 April 2011 be confirmed as a true and correct record.

The Motion was Put and

CARRIED (5/0)

In favour of the Motion: Crs Corr, Fishwick, McLean, Norman and Taylor

ANNOUNCEMENTS BY THE PRESIDING PERSON WITHOUT DISCUSSION

Nil

DECLARATIONS OF INTEREST

Nil

IDENTIFICATION OF MATTERS FOR WHICH THE MEETING MAY SIT BEHIND CLOSED DOORS

Nil

PETITIONS AND DEPUTATIONS

Nil

REPORTS

ITEM 1 FURTHER EXAMINATION OF PART OF CITY FREEHOLD LOT 549 (11) MOOLANDA BOULEVARD, KINGSLEY FOR POTENTIAL DISPOSAL

WARD: All

**RESPONSIBLE
DIRECTOR:** Mr Martyn Glover, Director Infrastructure Services

FILE NUMBER: 63627

ATTACHMENTS: Attachment 1 Location Plan of Lot 549 (11) Moolanda
Boulevard, Kingsley
Attachment 2 Plan indicating parking 'strip' of Lot 549

PURPOSE

To provide the Strategic Financial Management Committee (SFMC) with further information on the proposed disposal of part of Lot 549 (11) Moolanda Boulevard, Kingsley (Attachment 1 refers).

EXECUTIVE SUMMARY

Reports related to the disposal potential of part of Lot 549 have been submitted to SFMC meetings of 8 March 2011 and 20 April 2011 with the recommendations of the SFMC adopted by Council on 15 March 2011 (CJ051-03/1 refers) and 17 May 2011 (CJ091-05/11 refers) respectively. Part of the resolution to CJ051-03/11 requested that the City present an additional report to the SFMC that investigated the potential for disposal of the site to adjacent organisations, through private treaty.

Lot 549 is a battle-axed site at the rear of Boulevard Plaza shopping centre to the north of a Freemasons WA facility. The current improvements on Lot 549 include two leased facilities; Silver Chain Nursing Association Inc (Silver Chain) and Community Vision's Youth and Disability Services, and a 71 bay car park. The subject site is approximately 2800m² of vacant land contained within Lot 549 (Attachment 1 refers). There is a legal agreement in place with the owners of the shopping centre for the use of a car park 'strip' on part of Lot 549's eastern boundary (Attachment 2 refers).

In order to gauge the interest adjacent organisations may have in purchasing the vacant land, meetings were held with Silver Chain and Freemasons WA (who currently also own the adjoining aged housing site). Whilst the third adjoining landowner, Community Vision Incorporated could be a potential purchaser, the City considered the development beyond Community Vision's financial capability and consequently did not progress the option.

Silver Chain expressed no interest in purchasing the vacant land but expressed an interest in acquiring land further north to service the Currambine area.

At a meeting with representatives from Freemasons WA, keen interest was shown in the site. However, their preference is to reconfigure the land to be purchased so that it is an area that borders their property's fence line with Lot 549.

A valuation undertaken in November 2010 advised that the highest residential valuation of \$1,040,000 for the vacant land was for Residential/R40 restricted use – aged persons housing (requiring a scheme amendment). A desktop revaluation of 27 May 2011, examining commercial and/or mixed use and disposal to adjoining landowners, advised that there is some potential for secondary commercial development on the vacant land, resulting in a valuation of \$1,120,000.

BACKGROUND

The City is currently examining the disposal potential for land that it holds in freehold, with reports submitted to SFMC meetings on 27 April 2010, 8 June 2010, 14 September 2010, 8 March 2011 and 20 April 2011.

In the report to SFMC's meeting of 8 March 2011, an area of approximately 2,800m² of land within Lot 549 was identified as having disposal potential and included an officer recommendation that land be rezoned to Residential/R40 Restricted Use – Aged Persons' Housing. However, the SFMC's recommendation to Council at its meeting of 15 March 2011 (CJ051-03/11 refers) with regard to Lot 549 was:

“That the Strategic Financial Management Committee RECOMMENDS that Council:

- 6 *REQUESTS an additional report be presented to the Strategic Financial Management Committee on the potential for disposal by private treaty for part of Lot 549 (11) Moolanda Boulevard, Kingsley”*

DETAILS

Following the initial identification of this lot, information has been gathered to assist in determining the most appropriate option to be considered.

McGees Valuers have provided valuations, based firstly on the subject area assuming a number of residential scenarios (to include aged persons' accommodation) and secondly, based on highest and best use (including negotiating with adjoining landowners). Property consultants Hester Property Solutions were also appointed to provide property advice on a range of properties including Lot 549.

Valuation Advice – 2 November 2010

Based on surrounding infrastructure and its focus on aged persons' housing, it is suggested that the subject site would be well suited to similar aged care housing.

The options available to the City include disposing of the land as:

- 1 Residential/R20, and restricting the land use to aged persons housing (requiring a scheme amendment to occur) at a valuation of **\$900,000****;
- 2 Residential/R20 unencumbered (requiring a scheme amendment to occur), at a valuation of **\$780,000****;

**** Deferred values for Options 1 and 2 are \$800,000 and \$690,000 respectively.**

- 2 Residential/R40 unencumbered (requiring a scheme amendment to occur), at a valuation of **\$990,000 (deferred value)**;
- 4 Residential/R40 restricted use – aged persons housing (requiring a scheme amendment to occur), at a valuation of **\$1,040,000 (deferred value)**.

Valuation advice received in November 2010 identified that rezoning the land from its current Civic and Cultural zoning to Residential/R40 restricted use – aged persons' housing would achieve the highest valuation of \$1,040,000. Additionally, there is no direct street frontage which is detrimental to standard residential development, however, this is less significant with the development of aged persons' housing.

Valuation (desktop) Advice – 27 May 2011

Council's resolution of 15 March 2011 was for the City to consider entering into a private treaty with adjacent landowners to Lot 549, therefore McGees Valuers were given further instructions to value the land based on commercial and/or mixed use, and to take into account private treaty negotiations.

The valuer advised that the lack of street frontage to the site is detrimental to a typical commercial development, however, some potential exists for secondary commercial development such as an office or medical/consulting rooms, which realised a valuation of \$1,120,000. The valuation advice with regard to private treaty is that due to the potentially limited pool of alternative buyers, there is unlikely to be any significant premium attached to the land.

Property Consultant's Advice – 17 March 2011

Hester Property Solutions were appointed to provide property advice on a range of properties including Lot 549.

The consultants advised that due to the location of this site, vehicle access to the property would provide challenges in the event that the property is developed. As such, it would be more appropriate for the property to be sold to either of the adjacent existing land owners (Freemasons WA or Silver Chain) as existing access to current facilities in the area would resolve further congestion.

The recommendation is that the City negotiates directly with both Silver Chain and Freemasons WA once a suitable valuation has been determined based on appropriate density (residential valuation information above dated 2 November 2010 refers).

Silver Chain leases a facility from the City on Lot 549 which it utilises as office space. Freemasons WA is an adjoining landowner on the southern boundary of the City's land, accommodating aged persons' retirement units, a nursing home, Masonic Lodge and a Shell service station and workshop.

Zoning

The area is zoned "Urban" under the Metropolitan Region Scheme and "Civic and Cultural" under the Local Planning Scheme.

The use of the site for aged persons' accommodation at R20 density may be supported as the site is in close proximity to a commercial site which has the potential to provide for the needs of the residents. An R40 density code is out of character with the existing residential area, however, the proximity of the commercial site may also support an increase in the density code to R40.

There are several potential zonings which may be suitable for the land, depending on what Council wishes to achieve from the site, including Residential, Mixed Use, Business, or Commercial. Land use permissibility will vary depending on the zoning.

Under DPS2, the Mixed Use zone facilitates (subject to City approval) a range of land uses including aged person dwellings, consulting rooms, medical centre and offices. These land uses are based on the zoning of Mixed Use rather than being site specific.

There are potential access issues for the site due to the location of the proposed new lot, and the existing access and car parking with the adjacent shopping centre on Lot 549, however, these issues could not be specified until a proposal is presented for assessment. There would also be a need to ascertain whether legal access to a road would be via an access leg, or for an agreement for access to be provided via an adjoining property. The provisions of vehicle access to a legal road would need to be demonstrated by the City in its application for approval to subdivide.

Options to be Considered

Option 1 – Dispose Wholly of Lot 549 (11) Moolanda Boulevard, Kingsley

For the City to dispose of the whole 10,000m² site, a market valuation would be required. However, consideration needs to be given to the two current lessees on Lot 549, Silver Chain and Community Vision.

Silver Chain has a commercial arrangement with the City that ceases on 31 December 2013.

The lease with Community Vision is currently a held over tenancy and is referred to in the lease refers as being on a weekly basis. Notwithstanding this condition, the City acknowledges that a practical vacation date would need to be negotiated.

Option 2 – Dispose of 2,800m² (approx) of Lot 549 as shown on Attachment 1

Disposing of the approximate 2,800m² as shown on Attachment 1 does present access issues which would be mitigated if sold to an adjoining landowner. Freemasons WA has expressed an interest in a reconfigured site within Lot 549, to run parallel with the boundary between the City's and the Freemasons' WA lots.

Option 3 – Dispose of a Reconfigured Portion of Lot 549

To dispose of a reconfigured portion of Lot 549 (as described above), would necessitate the City redeveloping the remaining car park area for the existing facilities. There are currently 71 car parking bays on site for joint use by Silver Chain and Community Vision. A summarised calculation has determined that under DPS2, Silver Chain would require 32 bays. This does not, however, fully recognise the nature of Silver Chain's operations, which relies on a large light vehicle fleet to visit beneficiaries. Anecdotal information suggests that the current 71 bay car park is heavily utilised.

Community Vision's use of the facility has changed whereby it now incorporates a disability service, and further information would be required to provide conclusive information on car park requirements for Community Vision.

The cost for redeveloping the car park would need to be taken into account in any negotiations with Freemasons WA, and \$2,400 per car bay is provided as a guide to potential cost.

Valuation advice on the proposed reconfiguration suggests that if the shape changed so as to significantly enhance Freemasons WA development potential, then some special/added value may be achieved. Whilst, a better shaped site may add value to adjoining land, the lack of both a street frontage and alternative buyers in this instance probably limits any further premium. More detailed planning proposals and resulting benefits from an alternate shape would be required for any further valuation advice to be provided.

Legal Agreement on Lot 549 – ‘Strip’ of Land for Use as Car Park (Attachment 2 refers)

The existing agreement on Lot 549 between the City and the strata owners of the shopping centre site (Lot 551) commenced on 6 April 1989 for a period of 99 years. The shopping centre owners constructed this car parking area, and it allows for staff/customers etc of the shopping centre to access and egress to and from the subject strip. The agreement states that during its term, the land will only be used as a car park and the City will make reasonable regulations for use of the car parking bays located on the strip.

The Agreement cannot be assigned or transferred without the prior written consent of each of the other parties. It is also ‘appended’ to the land, therefore, should Lot 549 be sold, the new owners of the land would be required to enter into a similar arrangement.

The shopping centre requires approximately 55 car parking bays. There are currently 32 bays on the shopping centre site – 23 on the site’s eastern boundary and nine on its northern boundary, and 23 bays have been developed on the parking strip on Lot 549, making up the required 55 bays.

Legislation

Sections 3.58 and 3.59 of the *Local Government Act 1995*, together with the *Local Government (Functions and General) Regulations 1996*, determine how a local government may dispose of property.

Should the negotiated amount for the sale of the property exceed \$1 million, the City would be required to comply with Section 3.59 (rather than Section 3.58), which states that a business plan detailing the proposal is to be advertised for public comment for a six-week period.

Policy

City Policy – Asset Management
City Policy - Sustainability

Risk Management considerations:

There are a number of risk considerations which need to be considered in relation to the disposal of the property described.

The City would need to comply with the relevant section of the *Local Government Act 1995* (Sections 3.58 and 3.59), which are designed to ensure openness and accountability in the disposal process.

The recommendations for disposal are based on the best financial return only, and this needs to take into account future ongoing costs to the City of servicing the site and the potential loss of rate revenue of approximately \$13,000 if the site is developed as aged persons' housing by a charitable organisation (as opposed to residential housing). The City would receive a revenue stream from some type of commercial development on the land.

Financial/Budget Implications:

Although a highest and best valuation for the subject site has been realised at \$1,120,000, this valuation is for potential commercial use. It is considered however that the best development option for the site is to sell the land to an adjoining owner.

Should the land be developed as aged housing accommodation, such accommodation is generally non-rateable and would therefore impact on the City's annual revenue stream. A commercial development would produce a revenue stream to the City.

Regional Significance:

There is no regional significance to this matter.

Sustainability implications:

Disposal of City freehold land that has been set aside for community use should not be undertaken without there being a nominated purpose. The SFMC considered that aged persons' housing is potentially the most suitable use for this land.

Consultation:

To date, the City sought advice from valuers and property consultants and has met with the two main organisations adjacent to Lot 549 to ascertain their interest level in acquiring the land.

A formal advertising process will be required with regard to disposal of the land, with the type of advertising being determined by either Section 3.58 or 3.59 of the *Local Government Act 1995*. An amendment to DPS2 will also be required and an advertising period will also form part of that process.

Should a business plan be required, the plan and any public comments received will be referred to the Council for determination prior to disposal of the property.

COMMENT

The SFMC is aware of the valuation and advice with regard to aged persons' housing if the land was sold on the open market. Hester Property Solutions indicated that disposing of the subject area to an adjoining entity would mitigate the lack of access issue. Valuation information also referred to the lack of street frontage being detrimental to typical commercial development, however, stated this as being less significant if the land was developed as aged persons' housing. An office or medical/consulting room development was valued at \$1,120,000 and R40 aged persons' housing at \$1,040,000.

This property's disposal would be dependent on rezoning the site by an amendment to DPS2, which may take approximately two years to finalise. Should the sale of the site be supported by Council for aged persons' housing either on the open market, or by private treaty to an adjoining landowner, then a further market valuation should be undertaken to coincide with the finalisation of the amendment.

In order to determine the potential for a private treaty arrangement, the City met with representatives of Silver Chain on 17 May 2011, a commercial tenant on Lot 549, who advised it had no interest in purchasing the land. At a meeting held with Freemasons WA representatives on 3 June 2011 however, keen interest was shown in the purchase of the vacant 2,800m² and any further excess land available from Lot 549. Freemasons WA's preference is for the proposed new lot to be configured in a manner that runs parallel along the entire length of the City and Freemason's WA boundary.

VOTING REQUIREMENTS

Simple Majority

MOVED Cr Norman, SECONDED Cr McLean that the Strategic Financial Management Committee RECOMMENDS that Council:

- 1 SUPPORTS in principle the disposal of an area of approximately 2,800m² of Lot 549 (11) Moolanda Boulevard, Kingsley by private treaty to Freemasons WA;**
- 2 REQUESTS the CEO to conduct more detailed negotiations with Freemasons WA;**
- 3 REQUESTS that a further report be submitted to the Strategic Financial Management Committee following these negotiations, in order to further consider the disposal of the property at Lot 549 (11) Moolanda Boulevard, Kingsley.**

The Motion was Put and

CARRIED (5/0)

In favour of the Motion: Crs Corr, Fishwick, McLean, Norman and Taylor

Appendix 1 refers

To access this attachment on electronic document, click here:

[Attach1agnSFMC130611.pdf](#)

**ITEM 2 FURTHER EXAMINATION OF CITY FREEHOLD
LOT 971 (52) CREANEY DRIVE, KINGSLEY
FOR POTENTIAL DISPOSAL**

WARD: All

**RESPONSIBLE Mr Martyn Glover, Director Infrastructure Services
DIRECTOR:**

FILE NUMBER: 63627

ATTACHMENTS: Attachment 1 Location Plan of Lot 971 (52) Creaney
Drive, Kingsley

PURPOSE

To provide the Strategic Financial Management Committee (SFMC) with further information on the proposed disposal of Lot 971 (52) Creaney Drive, Kingsley, (Attachment 1 refers).

EXECUTIVE SUMMARY

Reports related to the disposal potential of Lot 971 were submitted to the SFMC meetings of 8 March 2011 and 20 April 2011 with the recommendations of the SFMC being adopted by Council on 15 March 2011 (CJ051-03/11 refers) and 17 May 2011 (CJ091-05/11 refers) respectively. Part of the resolution to Item No. CJ051-03/11 required the City to examine options for the disposal of Lot 971, including surrounding business/commercial uses and residential opportunities, and requested an additional report be submitted to the SFMC meeting of 13 June 2011.

Lot 971 currently has a reciprocal access and car parking agreement over three other adjoining lots. The agreement relates to the 1992 development of a car park by the owners of the Kingsley Tavern in lieu of a shortfall of 23 parking bays. This car park reduces the one hectare site (10,000 m²) to 9,400m². The area is unimproved except for the car park and is located to the western side of Creaney Drive, immediately north-east of the Kingsley Tavern.

The Kingsley Village Neighbourhood Shopping Centre and Kingsley Professional Centre are positioned to the immediate south, with a service station to the west and Kingsley Park to the north. Land to the east is dominated by low density residential development.

The highest residential valuation for this land was \$2,850,000, when undertaken in November 2010, and was for Residential/R40 restricted use – aged persons' housing (requiring a scheme amendment). A desktop revaluation of 27 May 2011 examining commercial and mixed use noted that the site has a beneficial position adjacent to existing commercial facilities and a valuation has been provided of \$3,760,000.

BACKGROUND

The City is currently examining the disposal potential for land that it holds in freehold. Reports related to potential land disposals have been submitted to SFMC meetings on 27 April 2010, 8 June 2010, 14 September 2010, 8 March 2011 and 20 April 2011.

In the report to SFMC's meeting of 8 March 2011, Lot 971 was identified as having disposal potential with an officer recommendation that the land be rezoned to Residential/R40 restricted use – aged persons' housing. However, the SFMC's recommendation to Council at its meeting of 15 March 2011 (CJ051-03/11 refers) with regard to Lot 971 was:

"That the Strategic Financial Management Committee RECOMMENDS that Council:

- 5 *REQUESTS an additional report be presented to the Strategic Financial Management Committee on options for the disposal of Lot 971 (52) Creaney Drive, Kingsley taking into consideration surrounding business/commercial uses and residential opportunities"*

DETAILS

Issues and options considered:

Following the initial identification of this lot, additional information has been gathered to assist in determining the most appropriate option to be considered.

McGees valuers have provided valuations on the subject area, firstly assuming a number of residential scenarios and secondly based on commercial and/or mixed use. Property consultants Hester Property Solutions were also appointed to provide property advice on a range of properties including Lot 971.

Valuation Advice – 2 November 2010

McGees valuers provided a valuation report in November 2010 which advised that rezoning the land from its current Civic and Cultural zoning to Residential/R40 restricted use aged persons' housing would achieve the highest valuation of \$2,850,000. The valuer also advised that this is a development site well suited to aged persons' housing given its proximity to Kingsley Village Shopping Centre and Kingsley Professional Centre.

As there is an existing reciprocal access and car parking agreement between the City and three other adjacent landowners (Attachment 1 refers) that encumbers the land, a new agreement would need to be entered into by all parties should Lot 971 be sold. This agreement relates to the development of the Kingsley Tavern in 1992 where 23 car bays were constructed on the City's land by the owners of Kingsley Tavern in lieu of a shortfall of those car bays. This car park is approximately 600m² and thereby reduces the 10,000m² land area to approximately 9,400m².

The options available to the City include disposing of the land as:

- 1 Residential/R20, and restricting the land use to aged persons' housing (requiring a scheme amendment to occur) at a valuation of **\$2,660,000****;
 - 2 Residential/R20 unencumbered (requiring a scheme amendment to occur), at a valuation of **\$2,540,000****;
- ** *Deferred values for Options 1 and 2 are \$2,360,000 and \$2,250,000 respectively.***
- 3 Residential/R40 unencumbered (requiring a scheme amendment to occur), at a valuation of **\$2,710,000 (deferred value)**;
 - 4 Residential/R40 restricted use – aged persons' housing (requiring a scheme amendment to occur), at a valuation of **\$2,850,000 (deferred value)**.

Property Consultant's Advice – 17 March 2011

Hester Property Solutions were appointed to provide property advice on a range of properties including Lot 971.

Hester Property Solutions advised that whilst the property is freehold, its location and proximity to the open space area to the north of the site, may impact on the use of open space for some forms of recreation in the event of development. The south eastern portion of the site is adjacent to the existing commercial centre and this may provide an opportunity for expansion of the commercial land uses in this area. The area of Lot 971 south of Kingsley Park should be retained in its current form with some strengthening of connections between the open space area and the retail/commercial land uses.

Valuation (desktop) Advice – 27 May 2011

Following Council's resolution of 15 March 2011 in relation to considering surrounding business/commercial uses and residential opportunities, McGees Valuers were given instructions to value the land based on the principle of "highest and best", thereby determining the current maximum value achievable to the City through its disposal.

The valuer advised that Lot 971 has a beneficial position adjacent to existing commercial facilities and a valuation has been provided of \$3,760,000.

A reciprocal access and car parking agreement with three other adjacent parcels exists over the subject land. The agreement runs with the Title so should the City dispose of Lot 971, it will need to prepare a similar agreement for the proposed new purchaser to enter into. The area for development is therefore reduced by approximately 600m² to an effective developable area of around 9,400m².

Zoning

The area is zoned "Urban" under the Metropolitan Region Scheme and "Civic and Cultural" under the Local Planning Scheme.

The use of the site for aged persons' housing at R20 density may be supported as the site is in close proximity to a commercial site which has the potential to provide for the needs of the residents. An R40 density code would be out of character with the existing residential area, however, the proximity to a commercial site may also provide support for an increased density code.

There are several potential zonings which may be suitable depending on what Council wishes to achieve from the site. For example, potential zones for the site include Residential, Mixed Use, Business, Commercial or Local Reserve. Land uses permissibility will vary depending on the zoning.

Under DPS2, the Mixed Use zone facilitates (subject to City approval) a range of land uses including aged person dwellings, consulting rooms, medical centre, recreation centre and offices. It should be noted however, that the land use of 'shop' is limited within the Mixed Use and Business zone to a total maximum floor space of 200m² net lettable area.

With regard to the use of 'shops' or retail use, the City's draft Local Commercial Strategy is currently being developed and as such it is too early to identify whether or not there is any potential for further retail uses on the subject site.

Legislation

Sections 3.58 and 3.59 of the *Local Government Act 1995*, together with the *Local Government (Functions and General) Regulations 1996* determine how a local government may dispose of property.

Given the sale of the property would exceed \$1 million, the City would be required to comply with Section 3.59, which states that a business plan detailing the proposal is to be advertised for public comment for a six-week period.

Policy

City Policy – Asset Management
City Policy - Sustainability

Risk Management considerations:

There are a number of risk considerations which need to be considered in relation to the disposal of the property described.

The City would need to comply with the relevant sections of the *Local Government Act 1995* (Sections 3.58 and 3.59), which are designed to ensure openness and accountability in the disposal process.

It is possible that the valuations may not be realised, and the City needs to determine reserve prices, below which it will not sell.

The recommendation for disposal is based on a combination of best financial return and best planning outcome. The disposal for best financial return needs to take into account future ongoing costs to the City of servicing the sites, and the potential loss of rate revenue of approximately \$46,000 if the site is developed as aged persons' housing by a charitable organisation (as opposed to residential housing). The City would receive a revenue stream from some type of commercial development on the land.

With any amendment to the town planning scheme the City also needs to have some certainty that there is a need for the associated land uses in order to facilitate an immediate sale.

Financial/Budget Implications:

Although a highest and best valuation for the subject site has been realised at \$3,760,000, the expected total disposal time of around two years will require a further valuation of the property prior to disposal.

Should the land be developed as aged housing accommodation, such accommodation is generally non-rateable and would therefore impact on the City's annual revenue stream; commercial development would produce a revenue stream.

Regional Significance:

There is no regional significance regarding this matter.

Sustainability implications:

Disposal of City freehold land that has been set aside for community use should not be undertaken without there being a nominated purpose. The SFMC considered that aged persons' housing is potentially the most suitable use for this land.

Consultation:

To-date the City has sought advice from valuers and with property consultants.

A formal advertising process will be required with regard to the disposal of the land, with the type of advertising being determined by either Section 3.58 or 3.59 of the *Local Government Act 1995*. An amendment to DPS2 will also be required and an advertising period will also form part of that process.

A Business Plan and any public comments received as a result of advertising the Plan will be referred to the Council for determination prior to disposal of the property.

COMMENT

The SFMC is aware of the valuation and advice with regard to aged persons' housing if the land was sold on the open market. Valuation information dated 27 May 2011 highlighted that Lot 971 was a prime development site and could potentially achieve a value of \$3,760,000 if it was developed with commercial type land uses. The SFMC previously requested valuations based on aged persons' housing and the highest valuation for this use was Residential/R40 restricted use – aged persons' housing at \$2,850,000.

This property's disposal would be dependent on rezoning the site by an amendment to DPS2 which may take approximately two years to finalise. Given the potential market changes that could take place during the amendment process, a further market valuation may be required to coincide with the finalisation of the amendment.

Both aged persons' housing and commercial type uses appear suitable for this site. Uses under the 'Mixed Use' zoning may give the City and/or potential developers the design flexibility required for a land area of this size. There is also a significant long term financial gain from any commercial type uses both through increased value of the site compared to being totally developed for aged person's housing and the revenue stream from rates.

VOTING REQUIREMENTS

Simple Majority

OFFICER'S RECOMMENDATION

"That the Strategic Financial Management Committee RECOMMENDS that Council:

- 1 *SUPPORTS the disposal of Lot 971 (52) Creaney Drive, Kingsley subject to the consideration of a Business Plan;*
- 2 *REQUESTS the preparation of a Business Plan in accordance with Section 3.59 of the Local Government Act 1995 in order to consider disposal of the property listed in (1) above;*
- 3 *INITIATES an amendment to District Planning Scheme No. 2 to rezone approximately 9,400m² of Lot 971 (52) Creaney Drive, Kingsley from 'Civic and Cultural' zone to 'Mixed Use' zone.*

MOVED Cr McLean, SECONDED Cr Corr that this Report be DEFERRED to allow a further Report to be submitted to a future meeting of the Strategic Financial Management Committee on the options for:

- 1 Disposal of the site at Lot 971 (52) Creaney Drive, Kingsley on the basis of rezoning from 'Civic and Cultural' zone to 'Mixed Use' zone such that both 'Commercial' and 'Aged Housing' occurs on the site;**
- 2 Retention of the land at Lot 971 (52) Creaney Drive, Kingsley for potential use for recreation purposes.**

The Motion was Put and

CARRIED (5/0)

In favour of the Motion: Crs Corr, Fishwick, McLean, Norman and Taylor

Appendix 2 refers

To access this attachment on electronic document, click here:

[Attach2aqnSFMC130611.pdf](#)

MOTIONS OF WHICH PREVIOUS NOTICE HAS BEEN GIVEN

Nil.

REQUESTS FOR REPORTS FOR FUTURE CONSIDERATION

Nil.

CLOSURE

There being no further business, the Deputy Presiding Person declared the Meeting closed at 6.54pm; the following Committee Members being present at that time:

Cr Tom McLean
Cr Mike Norman
Cr Brian Corr
Cr Russ Fishwick
Cr Philippa Taylor