

Management report to Council

Agenda item 6.4

Proposed Property Divestments

Council

Presenter: Roger Teale, General Manager Infrastructure and Design

31 May 2022

Purpose and background

1. The purpose of this report is to seek Council approval to commence the statutory process to sell four Council owned properties.
2. Council adopted the Sale and Acquisition of Land Policy in June 2019 to guide decision making in relation to the disposal and acquisition of Council owned land.
3. The Property Portfolio Plan was endorsed by Council in September 2021 and guides property decisions for the period 1 July 2021 to 30 June 2022. Through the development of this plan, and in support of strengthening links to the ten year financial plan, an assessment was undertaken across Council's property portfolio to identify property assets that are either underutilised with a potential for greater use and/or return or are surplus to requirements.
4. Four properties were identified for potential divestment and assessed against the sale criteria within the Sale and Acquisition of Land Policy:
 - 4.1. 47-49 Canning Street, Carlton
 - 4.2. 100-104 A'Beckett Street, Melbourne
 - 4.3. 505-513 Abbotsford Street, North Melbourne
 - 4.4. 30-38 Gatehouse Drive, Kensington

Key issues

5. The four properties are currently underutilised and no longer being used for a current Council service. The buildings have declined with age and the current condition of these buildings does not support future needs without rebuilding or significant refurbishment, which is not considered financially viable.
6. If Council makes a decision to sell the properties, it is intended that the proceeds of the potential sales be reinvested into city-shaping infrastructure projects and the capital works program to provide vital community services.
7. The property located at Gatehouse Drive, Kensington is currently zoned Local Government Zone and further consideration of the most appropriate zoning from a market and planning perspective is required prior to any divestment. It is estimated that a planning scheme amendment to rezone the land will take 12 months.
8. Before deciding on the sale of Council land, a formal statutory process pursuant to section 114 of the *Local Government Act 2020* (the Act) must be carried out, which includes undertaking a community engagement process to ensure a deliberative and targeted community participation and to seek community input and feedback on the divestments proposal.
9. A range of community engagement activities are planned over a 4 week period commencing in July 2022 including a survey, meetings, letter box drop and social media engagement. To ensure that a broad range of views are considered, activities will be targeted at surrounding owners and occupiers of each property as well as the local community.
10. Each property will be considered individually on its own merits, taking account of the community engagement response.

Recommendation from management

11. That Council:

11.1. proposes to sell the council owned land at:

- 11.1.1. 47-49 Canning Street, Carlton
- 11.1.2. 100-104 A'Beckett Street, Melbourne
- 11.1.3. 505-513 Abbotsford Street, North Melbourne
- 11.1.4. 30-38 Gatehouse Drive, Kensington.

11.2. Pursuant to section 114 of the *Local Government Act 2020*:

- 11.2.1. authorises public notices of Council's intention to sell the land to be placed on Council's website
- 11.2.2. undertakes a community engagement process (Community Engagement Process) in accordance with Council's Community Engagement Policy in relation to the proposed sales.

11.3. Notes the Community Engagement Process will be carried out by management under delegation.

11.4. Notes the results of the Community Engagement Process and resulting recommendations by management in respect to the proposed sales will be the subject of a further report to Council.

Attachments:

1. Supporting Attachment (Page 3 of 3)

Supporting Attachment

Legal

1. Where the Council proposes to sell land, it must comply with the Act.
2. Pursuant to section 114(2) of the Act and before selling the land, the Council must:
 - 1.1. at least 4 weeks prior to the sale, publish notice of intention to do so on the Council's Internet site
 - 1.2. undertake a community engagement process in accordance with its community engagement policy;
 - 1.3. obtain from a person who holds the qualifications or experience specified under section 13DA(2) of the *Valuation of Land Act 1960* a valuation of the land which is made not more than 6 months prior to the sale.

Finance

3. Each piece of land will be sold on the open market by a competitive public process (auction or EOI).
4. Council will obtain a valuation from a certified practicing valuer to assess the current market value of the individual properties, taking into account the highest and best use of the property.

Conflict of interest

5. No member of Council staff, or other person engaged under a contract, involved in advising on or preparing this report has declared a material or general conflict of interest in relation to the matter of the report.

Health and Safety

6. In developing this proposal, no Occupational Health and Safety issues or opportunities have been identified.

Stakeholder consultation

7. The Community engagement Process will be carried out in accordance with Council's Community Engagement Policy.

Relation to Council policy

8. This report has been prepared in accordance with the Sale and Acquisition of Land Policy.

Environmental sustainability

9. In developing this proposal, no environmental sustainability issues or opportunities have been identified.