

**Proposed Property Divestments****8 November 2022****Presenter:** Roger Teale, General Manager Property, Infrastructure and Design**Purpose and background**

1. The purpose of this report is to consider the community feedback in relation to Council's proposal to sell four Council owned properties in accordance with section 114 of the *Local Government Act 2020* (the Act). A summary of the community feedback is in Attachment 2.
2. Council adopted the Sale and Acquisition of Land Policy in June 2019 (amended by Council on 25 October 2022) 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 10 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
5. The four properties have been assessed taking into consideration the current and future demand of community infrastructure as identified in the Infrastructure Plan, Open Space Strategy, Affordable Housing Strategy and other relevant strategies and plans. The four properties did not meet the needs, nor were deemed suitable for any identified current or future Council delivered community, social or recreational infrastructure and services.
6. The property located at Gatehouse Drive, Kensington is currently zoned Local Government Zone and rezoning is required prior to any divestment. It is estimated that a rezoning planning scheme amendment will take 12-24 months.
7. Pursuant to section 114 of the Act, a formal statutory process has been carried out which included undertaking a community engagement process to ensure deliberative and targeted community participation.

**Key issues**

8. The community was asked for their feedback on the proposal to sell the four properties to contribute to city shaping infrastructure projects. The consultation was open between 4 July 2022 and 7 August 2022. The main feedback platform was an online survey on the Participate Melbourne website where respondents could indicate whether they supported or opposed the sale of each property, and explain the reasons for their response.
9. A corresponding social media campaign reached 66,512 people, generated 5,309 post engagements and drove 4,924 clicks. From a total of 66,512 people who were reached through social media, only 816 or 1.22 per cent actually chose to respond to the Participate Melbourne campaign.
10. The most frequent rationale for supporting property sale was based on the property currently being vacant, not used or used to its full potential. This was particularly the case for Canning Street which received the highest level of support for sale based on its current disuse.
11. Objections to the sale of the four properties were most often on the grounds that they should house community-oriented services. There was also aversion to the idea that the properties could be purchased by developers. Respondents implied that there would be greater acceptance for the sale of Council properties if assurance could be given the funds would directly benefit the community, especially by way of affordable housing.

## Recommendation from management

12. That the Future Melbourne Committee recommends that Council:
  - 12.1. notes it has received, heard and considered the community's feedback in relation to its proposal to sell the council owned land at:
    - 12.1.1. 47-49 Canning Street, Carlton
    - 12.1.2. 100-104 A'Beckett Street, Melbourne
    - 12.1.3. 505-513 Abbotsford Street, North Melbourne
    - 12.1.4. 30-38 Gatehouse Drive, Kensington
  - 12.2. commences a planning scheme amendment to rezone the land at 30-38 Gatehouse Drive, Kensington to a more appropriate zone
  - 12.3. finalises the statutory procedures in accordance with the *Local Government Act 2020* to sell by a competitive market process, at or above a reserve established by a market valuation:
    - 12.3.1. 47-49 Canning Street, Carlton
    - 12.3.2. 505-513 Abbotsford Street, North Melbourne,
  - 12.4. finalises the statutory procedures in accordance with the *Local Government Act 2020* to sell the land at 100-104 A'Beckett Street, North Melbourne by competitive market process at or above a reserve established by a market valuation, yet still provide the opportunity to incorporate into the potential sale terms an incentive to provide affordable housing from the site
  - 12.5. enters into a two year lease with Midwives and Mothers Australia at 30-38 Gatehouse Drive, Kensington at a market rental while rezoning is completed
  - 12.6. notes any future proposal to sell 30-38 Gatehouse Drive, Kensington will require a new community engagement in accordance with section 114 of the *Local Government Act 2020*
  - 12.7. directs the Chief Executive Officer to apply the proceeds of sale to community infrastructure projects identified in the financial years 2022-23 and 2023-24 budget and communicate details of these projects to the community
  - 12.8. authorises the Director City Property to take all necessary actions and execute all necessary documents including each Contract of Sale and Vendor's Statement to implement the sale referred in paragraphs 12.3 and 12.4 above
  - 12.9. notes the results of the Community Engagement Process and resulting decision will be published on Participate Melbourne.

### Attachments:

1. Supporting Attachment (Page 3 of 5)
2. Proposed Property Divestments table (Page 4 of 5)

## **Supporting Attachment**

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### **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:
  - 2.1. at least 4 weeks prior to the sale, publish notice of intention to do so on the Council's Internet site
  - 2.2. undertake a community engagement process in accordance with its community engagement policy
  - 2.3. 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 six 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 it has been identified that divesting surplus property that is vacant reduces safety concerns for Council staff, service providers and the general public.

### **Stakeholder consultation**

7. The Community engagement process has been carried out in accordance with Council's Community Engagement Policy.
8. The community was asked for their feedback on the proposal to sell the four properties to contribute to city shaping infrastructure projects. The consultation was open between 4 July and 7 August 2022. The main feedback platform was an online survey on the Participate Melbourne website where respondents could indicate whether they supported or opposed the sale of each property, and explain the reasons for their response.

### **Relation to Council policy**

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

### **Environmental sustainability**

10. In developing this proposal, no environmental sustainability issues or opportunities have been identified however any proposals to use the properties for alternative purposes following divestment will require compliance with environmental sustainability requirements as per standard Planning or building permit processes.

Themes	Explanation	Council response
<b>Develop the property into affordable housing</b>	The properties should be used for affordable housing	<p>The properties at Canning Street and Abbottsford Street have not been identified as suitable for affordable housing due to their small size and location and would not meet the requirements under the Melbourne Planning Scheme</p> <p>There is potential for the sale of A'Beckett Street to deliver on City of Melbourne's <a href="#">Affordable Housing Strategy 2020-2030</a> by providing purchasers an incentive to undertake the development of social / affordable housing on the site.</p>
<b>Retain for community use</b>	The property should be retained for community use or services.	<p>The properties were assessed taking into consideration the current and future demand of community infrastructure as identified in the Infrastructure Plan, Open Space Strategy, Affordable Housing Strategy and other relevant plans and strategies and did not meet the needs, nor were deemed suitable, for any identified current or future Council delivered community, social or recreational infrastructure and services.</p> <p>Previous family and children services delivered from the properties have either relocated to new integrated family and children centres in Lady Huntingfield, North Melbourne Child Care Centre, North Melbourne Community Centre or will be relocated into the new Munro Community Hub (to be opened in 2023).</p>
<b>Retain for MAMA services</b>	MAMA's services invaluable to the community, and the current location was felt to be optimal for providing these services.	Although valuable to the community, the services offered by MAMA Services are not run by CoM and do not align with existing service provision (i.e. MCHN). MAMA is a privately run, for profit business that services the community inside the city of Melbourne as well as surrounding suburbs.
<b>Financial and Funds from potential sale of the property</b>	Council should retain public assets.	<p>On top of the maintenance and renewal costs of the properties to bring the buildings up to a standard for community use (namely accessibility), this would require a significant investment which is currently unbudgeted.</p> <p>Low possibility of commercial activation due to significant works required.</p>

	Clarification and explanation on how the money from the sale would be used.	Council will apply the \$15 million proceeds of sale to community infrastructure projects identified in the financial year 2022-23 and 2023-24 budget.
<b>Risk of being purchased by a developer and preservation of heritage value</b>	Public asset should not be sold to developers which would lead to detriment of neighbourhood amenities.	Any future development plans would be subject to planning and heritage considerations under the Melbourne Planning Scheme.