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1.4 CULL ROAD DEVELOPMENT – STAGE 1A ‘THE RIDGE’

- Proponent** : City of Albany
- Attachments** : • Albany Valuations Services Valuation Report – dated 12 May 2011 (**CONFIDENTIAL**)
• Albany Valuations Services Valuation Report – dated 13 September 2010 (**CONFIDENTIAL**)
- Responsible Officer(s)** : Chief Executive Officer (F James)

IN BRIEF

- To advise Council of revised valuations for lots at ‘The Ridge’ – Cull Road.
- To seek Council endorsement to go out to tender for the remaining lots at ‘The Ridge’ – Cull Road Development, and then dependent upon such tender outcome, continue to sell by private treaty.

Councillor J Bostock withdrew her Alternate Motion for this Item.

ITEM 1.4: RESOLUTION

MOVED: COUNCILLOR WELLINGTON
SECONDED: COUNCILLOR DUFTY

THAT this item be deferred until all other report items had been dealt with in order to go behind closed doors to discuss confidential aspects of this item.

CARRIED 8-1

Record of Vote

Against the Motion: Councillor Matla

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ITEM 1.4: RESOLUTION

MOVED: COUNCILLOR LEAVESLEY
SECONDED: COUNCILLOR J BOSTOCK

THAT the Meeting move behind closed doors.

CARRIED 9-0**ITEM: 1.4: RESOLUTION**

MOVED: COUNCILLOR J BOSTOCK
SECONDED: COUNCILLOR SUTTON

THAT Council come out from behind closed doors.

CARRIED 9-0**ITEM 1.4: AMENDMENT BY COUNCILLOR J BOSTOCK**

MOVED: COUNCILLOR J BOSTOCK
SECONDED: COUNCILLOR D BOSTOCK

That Council:

- **APPROVE** the sale of remaining Stage 1A lots at 'The Ridge' – Cull Road for sale by public tender and then continuation of sale by private treaty if not sold by tender.
- **Concurrently and prior to action to facilitate the sale of any further part of Cull Road subdivision, the CEO will evaluate our current position with regard to this Major Land Transaction and formulate a revised Business Plan as required by the Local Government Act s3.59.**

LOST 3-6**Record of Vote**

For the Motion: Councillors J Bostock, D Bostock and Leavesley

ITEM 1.4 : RESPONSIBLE OFFICER RECOMMENDATION 1
VOTING REQUIREMENT: SIMPLE MAJORITY

That Council:

- **NOTE** that six of thirty one Stage 1A lots at 'The Ridge' – Cull Road have been sold or are under contract.
- **NOTE** the 12 May 2011 valuations by Albany Valuations Services for Stage 1A lots at 'The Ridge' – Cull Road.

ITEM 1.4: RESOLUTION

MOVED: COUNCILLOR WELLINGTON
SECONDED: MAYOR EVANS

THAT the Responsible Officer Recommendation be ADOPTED.

CARRIED 9-0

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**ITEM 1.4 : RESPONSIBLE OFFICER RECOMMENDATION 2
VOTING REQUIREMENT: ABSOLUTE MAJORITY**

That Council:

- **APPROVE** the sale of remaining Stage 1A lots at ‘The Ridge’ – Cull Road for sale by public tender and then continuation of sale by private treaty if not sold by tender.
- **DELEGATE** to the Chief Executive Officer the power to sell the remaining Stage 1A lots for no less than 95% of the 12 May 2011 valuation amount for each lot.

ITEM 1.4: RESOLUTION

**MOVED: COUNCILLOR WELLINGTON
SECONDED: MAYOR EVANS**

THAT Responsible Officer Recommendation 1 be ADOPTED.

**CARRIED 9-0
ABSOLUTE MAJORITY**

BACKGROUND

1. The last valuation of Stage 1A lots at ‘The Ridge’ – Cull Road was performed by Albany Valuation Services Option. In September 2010 Albany Valuation Services Opteon completed another valuation as at 12 May 2011.
2. The last offer to sell Stage 1A lots by public tender at ‘The Ridge’ – Cull Road was on 12 January 2011, with tenders closing on 27 January 2011. No tenders were received. In accordance with legislation, the City then offered the lots for sale by private treaty.

DISCUSSION

3. At the OCM 16 November 2010 (Item 15.2), Council appointed Connection Realty as marketing and sales agent for Stage 1A lots at ‘The Ridge’. Their Marketing Strategy consists of advertising regularly in both local newspapers by placing half page and full page advertisements at random intervals, internet advertising on multiple sites, one-off radio campaign, and a large ‘For Sale’ board on site. Sold blocks have ‘SOLD’ stickers placed on signs on the block.

Public Tender Process
4. Section 3.58 of the *Local Government Act 1995* requires public notice of properties offered by sale. The City complied with Section 3.58 of the *Local Government Act 1995* when the property lots were offered for sale by public tender. In January 2011 no tenders were received.
5. As no tenders were received, under Section 30 (2a) of the *Local Government (Functions and General) Regulations 1996* the City was then authorised to sell lots by private treaty for a period of six months, until 27 July 2011.

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6. The public notice of sale requirements of Section 3.58 of the *Local Government Act 1995* could be detrimental to the future sale of lots and the recommended process is that the remaining lots again be offered for sale by public tender (with tenders to be received by 16 August 2011 and with no sales to occur by private treaty between the 27 July 2011 and 16 August 2011).
7. Tenders received would be processed by the appointed marketing and selling agent (*Connection Realty*). Any remaining lots would then be sold by private treaty (for another period of six months in compliance with legislation) by the marketing agent.

GOVERNMENT CONSULTATION

8. Nil

PUBLIC CONSULTATION / ENGAGEMENT

9. Nil

STATUTORY IMPLICATIONS

10. Section 3.58 of the Local Government Act 1995 states that:

3.58. Disposing of property

(1) *In this section —*

dispose includes to sell, lease, or otherwise dispose of, whether absolutely or not;

property includes the whole or any part of the interest of a local government in property, but does not include money.

(2) *Except as stated in this section, a local government can only dispose of property to —*

(a) *the highest bidder at public auction; or*

(b) *the person who at public tender called by the local government makes what is, in the opinion of the local government, the most acceptable tender, whether or not it is the highest tender.*

(3) *A local government can dispose of property other than under subsection (2) if, before agreeing to dispose of the property —*

(a) *it gives local public notice of the proposed disposition —*

(i) *describing the property concerned; and*

(ii) *giving details of the proposed disposition; and*

(iii) *inviting submissions to be made to the local government before a date to be specified in the notice, being a date not less than 2 weeks after the notice is first given;*

and

(b) *it considers any submissions made to it before the date specified in the notice and, if its decision is made by the council or a committee, the decision and the reasons for it are recorded in the minutes of the meeting at which the decision was made.*

(4) *The details of a proposed disposition that are required by subsection (3)(a)(ii) include —*

(a) *the names of all other parties concerned; and*

(b) *the consideration to be received by the local government for the disposition; and*

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- (c) *the market value of the disposition —*
 - (i) *as ascertained by a valuation carried out not more than 6 months before the proposed disposition; or*
 - (ii) *as declared by a resolution of the local government on the basis of a valuation carried out more than 6 months before the proposed disposition that the local government believes to be a true indication of the value at the time of the proposed disposition.*

Section 30 (2a) of the Local Government (Functions and General) Regulations 1996 states that:

30. Dispositions of property to which section 3.58 of Act does not apply

- (2a) *A disposition of property is an exempt disposition if the property is disposed of within 6 months after it has been —*
 - (a) *put out to the highest bidder at public auction, in accordance with section 3.58(2)(a) of the Act, but either no bid is made or any bid made does not reach a reserve price fixed by the local government;*
 - (b) *the subject of a public tender process called by the local government, in accordance with section 3.58(2)(b) of the Act, but either no tender is received or any tender received is unacceptable; or*
 - (c) *the subject of Statewide public notice under section 3.59(4), and if the business plan referred to in that notice described the property concerned and gave details of the proposed disposition including —*
 - (i) *the names of all other parties concerned;*
 - (ii) *the consideration to be received by the local government for the disposition; and*
 - (iii) *the market value of the disposition as ascertained by a valuation carried out not more than 12 months before the proposed disposition.*

STRATEGIC IMPLICATIONS

11. This item directly relates to the following elements from the Albany Insight ~ Beyond 2020 Corporate Plan...

4. Governance. The City of Albany will be an industry leader in good governance and service delivery.

4.1 The City of Albany will be a cohesive Council delivering ethical and responsible government committed to excellence in board governance.

POLICY IMPLICATIONS

12. Nil

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RISK IDENTIFICATION & MITIGATION

13. The risk identification and categorisation relies on the City's Risk Management Framework.

Risk	Likelihood	Consequence	Risk Rating	Mitigation
Lots disposed of in accordance with Section 3.58 (4) of the Local Government Act 1995, so that the consideration and market value of the lots become "public knowledge".	Unlikely	Extreme	Extreme	To avoid negative impact on future sales, Council is requested to approve the offering of existing lots for sale only by public tender and then, dependent on tender outcomes, by private treaty.

FINANCIAL IMPLICATIONS

14. If lots are disposed of in accordance with Section 3.58 (4) of the *Local Government Act 1995*, information regarding the purchase price offered would be made public. This could compromise other lots' future sale negotiations with potential detrimental impact on the 2011-12 Budget with decreased sales proceeds.

LEGAL IMPLICATIONS

15. Nil

SUMMARY CONCLUSION

16. Note the reduced valuation for Stage 1A lots at 'The Ridge' – Cull Road. To maintain the current momentum in relation to lot sales, lots should be offered for sale by public tender in July – August 2011. Any remaining lots will then be sold by private treaty under the exemption provisions of Section 30 (2a) of the Local Government (Functions and General) Regulations 1996.

Consulted Reference	Local Government Act 1995 Local Government (Functions and General) Regulations 1996
File Number (Name of Ward)	PRO357 (Vancouver Ward) STR276 (Vancouver Ward)
Previous Reference	OCM 15/02/2011 Item 2.4 – Cull Road Subdivision – Sale & Marketing OCM 16/11/2010 Item 15.2 – Urgent Item – Cull Road Subdivision – Sale and Marketing