



8.6

**PROPOSED SALE OF RESIDENTIAL
PROPERTY | 122 NOTT STREET, PORT
MELBOURNE - HEARING OF SUBMISSIONS
FOLLOWING PUBLIC ADVERTISING**

WARD:

GATEWAY

GENERAL MANAGER:

**CHRIS CARROLL, ORGANISATIONAL
PERFORMANCE**

PREPARED BY:

**MATTHEW LANGHORN, SENIOR PROPERTY
ADVISOR**

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TRIM FILE NO:

PF17/304351

ATTACHMENTS:

Nil

PURPOSE

To seek Council approval to complete the statutory procedures for the sale of 122 Nott Street, Port Melbourne.

1. RECOMMENDATION

That Council:

- 1.1 Notes that in accordance with Sections 189 and 223 of the Local Government Act 1989 and the Council resolution made on 18 October 2017 a notice of intention to sell 122 Nott Street, Port Melbourne was published on 31 October 2017.
- 1.2 Notes that no submission was received in response to the notice of intention to sell 122 Nott Street, Port Melbourne.
- 1.3 Being of the opinion that 122 Nott Street, Port Melbourne is no longer required for the purpose for which it was acquired or for any other strategic or operational purpose resolves to sell 122 Nott Street, Port Melbourne.
- 1.4 Authorises the Chief Executive Officer or delegate to undertake the necessary tasks required to facilitate the sale of 122 Nott Street, Port Melbourne including the execution of sale documentation.
- 1.5 Authorises the use of the Common Seal of the Port Phillip City Council to be affixed to the Transfer of Land.

2. BACKGROUND

- 2.1 In response to population growth, Council will need to acquire or redevelop existing property to provide services across the municipality into the future. Strategic acquisition and development funding will enable Council to take advantage of opportunities when they come onto the market - avoiding the inflated prices often associated with negotiated settlements and reducing the impact on rates and debt.



- 2.2 A target of \$1 million in income from property sales was included in the Budget 2017/18 to be used to support strategic property development and acquisition opportunities.
- 2.3 On 18 October 2017 Council resolved to commence the statutory procedures under the Local Government Act 1989 to sell 122 Nott Street, Port Melbourne.
- 2.4 In accordance with sections 189 and 223 of the Local Government Act 1989, a public notice was published in the Age newspaper on 31 October 2017. The notice invited submissions to the proposed sale and advised that any submission received would be heard at the Council meeting on 6 December 2017.

3. KEY INFORMATION

- 3.1 No submission has been received in response to the public notice.
- 3.2 122 Nott Street is a single fronted, single storey, Victorian terrace with 2 bedrooms.
- 3.3 The property is surplus to Council requirements for service provision and has low strategic value.
- 3.4 The property is a residential rental property housing a private tenant. The tenancy will become month to month after 31 December 2017.
- 3.5 A number of properties on Nott Street were purchased (prior to 1999) to provide car parking. Demolition of the terraces is not possible due to their heritage listing in 1999. 118-130 Nott Street is included on the Heritage Register as H1830. To carry out works to the building fabric a permit is required from Heritage Victoria.
- 3.6 The dwelling was considered for provision of affordable housing. Over the last 30 years Council has provided 311 community housing units in 14 projects. Over the next 10 years, the Council has a target to deliver a further 170 new community housing units.
- 3.7 122 Nott Street, Port Melbourne is considered unsuitable to contribute to the community housing target due to the following reasons:
 - It requires significant capital upgrade and renewal, and will incur ongoing high maintenance costs due to the age of the properties and heritage listing.
 - The house is inefficient for provision of community housing as it is only suitable for a single dwelling. This also leads to equity issues in housing provision.
 - A housing association can derive greater value from a larger site which can be redeveloped for more community benefit. For example, Council and the Port Phillip Housing Association developed the Kyme Place project nearby in Port Melbourne which delivered 27 community housing units in 2012.
- 3.8 Comparable sales evidence to benchmark the proposed disposal is shown below:
 - May 2016 - 134 Nott Street, Port Melbourne (Council) \$950,000
 - 30/12/16 - 130 Nott Street, Port Melbourne (Council) \$985,000
 - 18/3/17 – 189 Station Street, Port Melbourne \$1,155,000
 - 29/6/17 – 85 Raglan Street, Port Melbourne \$1,030,000
 - 8/3/17 - 488 Williamstown Road, Port Melbourne \$1,050,000



FURTHER SUPPORTING INFORMATION

4. ALIGNMENT TO COUNCIL PLAN AND COUNCIL POLICY

- 4.1 Direction 6 “*Our commitment to you*” – financial sustainability through effective asset management.

5. CONSULTATION AND STAKEHOLDERS

- 5.1 The property is currently tenanted and will be vacated on approximately 31 December 2017.
- 5.2 The tenant who is on a short term lease was made aware of the Council’s intention to sell and was already considering sourcing alternative accommodation.
- 5.3 Officers have provided flexibility to the tenant to continue occupation on a short term basis beyond 31 December 2017 if desired.

6. LEGAL AND RISK IMPLICATIONS

- 6.1 The property will be sold at auction which satisfies the State Government’s *Local Government Best Practice Guideline for the Sale, Exchange and Transfer of Land 2009*.
- 6.2 Officers have complied with provisions of the following legislation pertaining to sale of property:
- Local Government Act 1989 Section 189 and 223 regarding the requirement for a Notice of Intention to Sell inviting submissions from interested persons and the consideration of any submissions received.
 - Residential Tenancies Act 1997 applies to the current tenancy and Section 259 directs that a notice to vacate be provided to tenants not less than 60 days from the date it is issued.
- 6.3 The proposal to sell has regard to the present residential property market conditions.

7. SUSTAINABILITY – Triple Bottom Line

7.1 ENVIRONMENTAL IMPLICATIONS

- 7.1.1 The property is protected by a heritage overlay mitigating the risk of inappropriate future redevelopment.

7.2 SOCIAL & CULTURAL IMPLICATIONS

- 7.2.1 The property is not used for a Council operational purpose or social housing and is not considered suitable for these types of uses.

7.3 ECONOMIC IMPLICATIONS

- 7.3.1 Current market conditions suggest the present and near future is the most suitable time for Council to benefit from the sale of the asset.

7.4 FINANCIAL IMPLICATIONS

- 7.4.1 Proceeds of the sale of the property is likely to meet the targeted \$1 million property sales identified in the Budget 2017/18. The funds that are raised will



be held in reserves and used for strategic property acquisitions and development.

- 7.4.2 Selling fees are to be determined on agreement with the selling agent. The amount payable include marketing expenses and commission based on the sale price.
- 7.4.3 Legal fees for contract preparation are estimated to be around \$1,500.
- 7.4.4 Retention of the asset will require a substantial capital investment to bring the property to a contemporary standard. The current condition of the property does not meet market requirements to generate a satisfactory income from an asset of such a high value.

8. IMPLEMENTATION STRATEGY

8.1 TIMELINE

- 8.1.1 If Council resolves to sell the property;
 - Officers will commence the process to appoint a real estate agent to sell the property on Council behalf.
 - A date for public auction will be determined to accommodate most suitable market conditions (estimated March 2018).
 - Council officers will provide an update to Councilors for proposed date of auction.
 - An independent market valuation will be obtained in January 2018.

8.2 COMMUNICATION

- 8.2.1 The proposal to sell the property at 122 Nott Street is due to its limited strategic value for service delivery.
- 8.2.2 Proceeds from the proposed sale will help with future property development and acquisition and aligns with the Budget 2017/18.
- 8.2.3 Current property market conditions are favourable.

9. OFFICER DIRECT OR INDIRECT INTEREST

- 9.1 No officers involved in the preparation of this report have any direct or indirect interest in the matter.