



13.4 NOTICE OF INTENTION TO SELL 174 NOTT STREET, PORT MELBOURNE: CONSIDERING SUBMISSIONS OF RESPONSE

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1. PURPOSE

- 1.1 To consider submissions received in response to a notice published in accordance with section 189 of the *Local Government Act 1989* advising of City of Port Phillip's intention to sell its land at 174 Nott Street, Port Melbourne, and to determine whether to proceed with the sale of that property.

2. EXECUTIVE SUMMARY

- 2.1 In accordance with Council's resolution of 21 April 2021, a notice was published of Council's intention to sell 174 Nott Street, Port Melbourne, ("Notice").
- 2.2 At its meeting of 16 June 2021 Council noted the submissions made in response to the Notice.
- 2.3 Council is now asked to consider the community response and to determine whether it is to proceed with the sale of the property.
- 2.4 Officers have reviewed the submissions and considered the matters raised – including: losing a source of rental income; losing a social housing opportunity; the concern that the site be developed.
- 2.5 Officers recommend immediately proceeding with the sale of the property.
- 2.6 The rationale for this recommendation is outlined in section 5 of this report.
- 2.7 Money from the proposed sale will be reinvested to improve Council's property portfolio – acquiring new assets and upgrading/replacing existing ones. This is done through Council's Strategic Property Reserve. The Reserve provides financial firepower for Council to respond with agility to strategic property opportunities, and to address pressures on its property portfolio – such as from: population growth and urban renewal (e.g. Fishermans Bend); ageing infrastructure and climate change (e.g. Elwood foreshore assets); and changes in legislation and community expectations.

3. RECOMMENDATION

That Council:

- 3.1 Notes that it has received and considered the submissions in response to its Notice of Intention to Sell 174 Nott Street, Port Melbourne.
- 3.2 Resolves to sell 174 Nott Street, Port Melbourne, by public auction.
- 3.3 Authorises Officers to do all things necessary to enable the land to be sold.



- 3.4 Directs Officers to set the confidential reserve price at no less than the higher of two independent valuations.
- 3.5 In the sale of 174 Nott Street, Port Melbourne, authorises and delegates the Chief Executive Officer to enter into and sign all relevant contractual agreements, and further provides the CEO the authority to on-delegate this power to another Officer if required to ensure that documents can be executed on the relevant day, given that the sale is by auction, and given the current pandemic environment.
- 3.6 Authorises the affixing of the Common Seal of Port Phillip Council to the relevant documents, should that be required.
- 3.7 Thanks the submitters for their submissions, and advises them of the decision to sell the land and the reason(s) for the decision.

4. KEY POINTS/ISSUES

Public Notice

- 4.1 On 24 April 2021 a Council notice of intended sale was published in *The Age* newspaper. It was also published on Council’s website.

Responses received

- 4.2 Two members of the community took up the opportunity to formally respond to the Notice - Mr Glen Cosham and Ann-Maree Richardson.
- 4.3 The submissions were noted at Council’s Ordinary Meeting of 16 June 2021.

Table: matters raised in the submissions

Matter raised	Response
Loss of opportunity to receive ongoing rent	<p>The property’s future net income stream is reflected in its market price. The intention is to sell the property at no less than market price, thereby capturing this value.</p> <p>Proceeds of the sale would be reinvested in Council’s property portfolio (via the Strategic Property Reserve), creating ongoing community value.</p> <p>The Strategic Property Reserve strengthens Council’s ability to improve and optimise its property portfolio, including to deal with:</p> <ul style="list-style-type: none"> • social and demographic change, including population growth; • major urban renewal (for example, at Fishermans Bend); • ageing assets (for example, Elwood foreshore); • climate change (for example, Elwood foreshore); • legislative change; and • changes in community expectations. <p>The Strategic Property Reserve also provides Council the financial capacity to respond to strategic property opportunities – such as the investments Council has made in recent years in the Palais Theatre redevelopment and the Pride Centre.</p>



<p>Surety for a future generation of ratepayer when they need assistance in the future</p>	<p>Rather than to wait for circumstances where it is compelled to sell, greater financial value is likely to be achieved for the community by Council selling from a position of relative financial strength.</p> <p>Council's property portfolio has accumulated over many decades, with acquisitions reflecting the needs and circumstances of the time. However, needs, priorities and expectations change over time, and the portfolio is managed and refreshed to ensure it effectively supports such change.</p>
<p>Risk of being purchased by a property developer</p>	<p>Should Council resolve to sell the property, that sale would be subject to the existing lease.</p> <p>Orderly development of the City is guided by the Port Phillip Planning Scheme, and the subject to the planning permit application, assessment and consultation process.</p>
<p>Loss of opportunity to be developed as community housing</p>	<p>This opportunity was considered prior to the recommendation being made to commence the Intention to Sell process.</p> <p>The yield potential of the property does not make it a compelling candidate for a community housing development.</p>

5. RECOMMENDATION RATIONALE

- 5.1 The subject property is not core to Council strategy or operating needs.
- 5.2 Alternative uses have been considered, should the existing lease end. However, it is not strongly suited to another Council purpose.
- 5.3 Not selling the property would impair Council's ability to provide acceptable facilities whilst maintaining affordability for ratepayers.
- 5.4 The property would be sold subject to the existing lease.
- 5.5 Council's ownership of a liquor shop property is a reputational risk.

6. CONSULTATION AND STAKEHOLDERS

- 6.1 This public report follows those to the Ordinary Meeting of Council of:
 - 21 April 2020 (seeking approval to commence the statutory process and notify the public of an intention to sell); and
 - 16 June 2021 (to report submissions).
- 6.2 The process under section 223 of the *Local Government Act 1989* provides any person who has made a written response to the Notice an opportunity to be heard.
- 6.3 In addition to publishing formal Notice, supplementary communication was carried out, including a courtesy letterbox drop to 140 neighbouring properties on 27 April 2021.

7. LEGAL AND RISK IMPLICATIONS

- 7.1 There are risks in holding and managing any real estate asset. One of the aims of this proposal is to eliminate those ongoing risks.
- 7.2 The section 223 process of the *Local Government Act 1989* arises because a submission was received in response to the public notice Council issued under section 189 of that legislation.



- 7.3 Should the coronavirus pandemic prevent the carrying out of a traditional public auction, an alternative such as an online public auction will be undertaken.

8. FINANCIAL IMPACT

- 8.1 Sale of the property is anticipated to release substantial community funds. It will also avoid holding costs, lease administration costs, asset renewal and upgrade costs.
- 8.2 Council is not a forced seller, with no interest nor compulsion to sell for anything but full market price.
- 8.3 Council's current approach is to place the proceeds of such sales into the Strategic Property Reserve for use in the acquisition or upgrade of Council property.

9. ENVIRONMENTAL IMPACT

- 9.1 No material environmental impacts are considered to arise from the adoption of the recommendations.

10. COMMUNITY IMPACT

- 10.1 Selling underperforming assets helps fund the development of higher performing assets. This directly impacts Council's operational productivity and the effectiveness of its service delivery.

11. ALIGNMENT TO COUNCIL PLAN AND COUNCIL POLICY

- 11.1 This report supports transparent governance and an actively engaged community.
- 11.2 The proposed sale of the property falls under direction: "Well Governed Port Phillip".

12. IMPLEMENTATION STRATEGY

12.1 TIMELINE

- 12.1.1 Should Council resolve to sell the land, Officers shall appoint a real estate agent to sell the property.
- 12.1.2 A marketing campaign is anticipated to be carried out over four to six weeks, followed by public auction.
- 12.1.3 If the property is passed it at auction and remains unsold following subsequent negotiations with the highest bidder, then, in accordance with the *Best Practice Guideline* it would be left on the market for private sale for an appropriate period of time.

12.2 COMMUNICATION

- 12.2.1 Officers shall notify the submitters of the decision and the reasons for the decision.
- 12.2.2 Should Council adopt the recommendation, an advertising campaign for a sale of the property will be carried out in a way that adequately exposes the property to the market.

13. OFFICER DIRECT OR INDIRECT INTEREST

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

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ATTACHMENTS Nil