

9.4 SALE OF NO. 25 (LOT 93) SYDNEY STREET, NORTH PERTH

- Attachments:**
1. 2021 Valuation Report - 25 (Lot 93) Sydney Street, North Perth - 16.04.21 - Confidential
 2. 2022 Valuation figures - 25 (Lot 93) Sydney Street, North Perth - Confidential

RECOMMENDATION:

That Council:

1. **APPROVES** the:
 - 1.1 disposition of No 25 (Lot 93) Sydney Street, North Perth (Land) in accordance with the *Local Government Act 1995*; and
 - 1.2 sale process relating to the disposition of Land to commence after the expiry or termination of the car park licences granted on the Land;
2. **DELEGATES BY ABSOLUTE MAJORITY** to the Chief Executive Officer the authority to:
 - 2.1 determine the best method of sale i.e. public auction, public tender or private treaty;
 - 2.2 appoint a licensed real estate agent to advertise the sale of the Land;
 - 2.3 accept offers which are equal to or higher than the market valuation included at Attachment 2;
 - 2.4 in respect of:
 - 2.4.1 **Public auction:**
 - (a) determine the reserve price; and
 - (b) accept the highest bidder;
 - 2.4.2 **Public Tender:**
 - (a) accept the tender in accordance with the City's Purchasing Policy; or
 - 2.4.3 **Private treaty:**
 - (a) set the date for sale of the Land;
 - (b) provide local public notice;
 - (c) consider submissions;
 - (d) enter into private treaty negotiations; and
 - (e) conclude contract of sale with private treaty entity, and in this respect, determine and vary the settlement date and/or date of satisfaction of any conditions pursuant to the Contract of Sale between the City of Vincent and the prospective buyer;
3. **AUTHORISES** that the proceeds from the sale of the Land be applied towards:
 - 3.1 the development of the park on Haynes Street Reserve; and
 - 3.2 any excess, after application of funds in recommendation 3.1, the Public Open Space

Reserve; and

4. **AUTHORISES the Mayor and Chief Executive Officer to affix the common seal and execute the Transfer of Land document.**

PURPOSE OF REPORT:

To consider the sale of Lot 93 on Plan 2334 comprised in the whole of the land in Certificate of Title Volume 720 Folio 56 and known as No. 25 Sydney Street, North Perth (Land).

BACKGROUND:

The potential sale of the Land was presented at the Ordinary Council Meeting on 27 April 2021 where Council deferred its decision on the sale until there was further "*Certainty regarding the status of the lease extension request and revised Transition Plan.*"

The Land has an area of approximately 561 square meters and is zoned Residential R20. It is currently used as a car park by (i) Kidz Galore Pty Ltd (Kidz Galore) (7 bays) and (ii) the Minister for Health (Dental Clinic) (9 bays) under their respective leases, each having a licence to use the car park bays for staff parking.

It was determined during the preparation of the Haynes Street Development Plan (adopted at the Ordinary Council Meeting on 20 October 2020) that the Land would be in excess to the City's requirements following the creation of the public open space. The Land was therefore not required in the construction and development of the City owned land at No. 15 (Lot 9) Haynes Street, North Perth and No. 31 (Lot 100) Sydney Street, North Perth into a public open space. Council was previously informed in the Ordinary Council Meetings on 20 October 2020 and 27 April 2021 that selling the Land would have greater community value as the proceeds from the sale of the Land could fund the construction and development of the public open space.

DETAILS:

Lease Extension Request and revised Transition Plan

Following adoption by Council of the revised transition plan and lease extension for the Dental Clinic at No. 31 Sydney Street, North Perth at the 27 April 2021 Ordinary Council Meeting, the City referred these to the Office of the Attorney General for approval. The office of the Attorney General advised that the changes to the transition plan and the extension of the Dental Clinic lease were supported as proposed.

The City's lease to the Dental Clinic was extended on 15 February 2022 and expires on 30 June 2022. The Dental Clinic is scheduled to vacate the premise before this date. Demolition of the Dental Clinic premises being portion of No. 31 Sydney Street, North Perth is anticipated to take place soon after its 30 June 2022 vacancy, with stage 1 of the Haynes Street Reserve Development Plan initiated.

The City's lease to Kidz Galore for the Child Care Centre on No. 15 Haynes Street, North Perth expires on 31 December 2025. Kidz Galore have development approval to construct a new Child Care Centre on the corner of London and Haynes streets in North Perth. Kidz Galore plan on commencing this development during 2022 and, once complete, relocating their operations from the Kidz Galore leased land to this new premises and relinquishing their lease of the Child Care Centre.

Car Park licence in respect of Kidz Galore and North Metropolitan Health Service

Pursuant to the lease with Kidz Galore executed in 2020, Kidz Galore was granted a licence to use 7 car bays which expires on 31 December 2023, or earlier upon termination of the lease. Kidz Galore have advised that they wish to relinquish their licence over the car park before this licence expires on 31 December 2023. Kidz Galore are not reliant on their licenced parking bays and there is no requirement for them to maintain access to these bays. Administration will formalise Kidz Galore's intention to surrender the car park licence.

The lease with the Dental Clinic dated 15 February 2022 also extended the car park licence of the 9 car park bays until 30 June 2022.

Both the car park licences over the Land would therefore expire or terminate on or before 30 June 2022.

Market conditions

The market valuation report in respect of the Land obtained in 2021 is listed in **Confidential Attachment 1**. The market valuation figures for 2022 based on the Land zoned at R20 and R30/40 are listed in **Confidential Attachment 2** subject to the report being provided in due course.

Given the current upward trend of the property market, and the City's potential to receive a much higher sale price on the Land, Administration will commence the sale process as soon as 1 July 2022. The sale process would initially entail engaging a licensed real estate agent and commencing advertising of the sale.

The Transfer of Land which formalises the transfer of the Land to the successful purchaser would only be executed once negotiations in respect of the sale of the Land have concluded and all relevant documents have been reviewed and completed by the City.

Method of disposal

In accordance with the three methods available under the *Local Government Act 1995*, set out below, Administration proposes that the Chief Executive Officer (CEO) be delegated the authority to exercise decision making functions as follows:

1. determine the best method of disposal of the Land i.e. public auction, public tender or private treaty;
2. appoint a licensed real estate agent to advertise the sale of the Land; and
3. in respect of:
 - (a) Public auction – determine the reserve price and accept the highest bidder;
 - (b) Public Tender – accept the tender in accordance with the City's Purchasing Policy; or
 - (c) Private treaty – set the date for sale of the Land, provide local public notice and consider submissions. Enter into private treaty negotiations and conclude contract of sale with private treaty entity and in this respect, determine and vary the settlement date and/or date of satisfaction of any conditions pursuant to the Contract of Sale between the City of Vincent and the prospective buyer.

CONSULTATION/ADVERTISING:

Public notice of the sale of the Land will be required in accordance with section 3.58 of the *Local Government Act 1995*.

LEGAL/POLICY:

Local Government Act 1995

In accordance with Section 3.58 of the Act a local government can dispose of land in the following ways:

- to the highest bidder at public auction;
- most acceptable tender (whether or not it is the highest tender) at public tender; or
- directly to a third party conditional on a public notice period and consideration of any submissions received. Public notice must include the purchase price, name of the purchaser and valuation details.

Section 5.42 of the *Local Government Act 1995* provides that a local government may delegate powers and duties to the Chief Executive Officer.

RISK MANAGEMENT IMPLICATIONS

Low: It is low risk for Council to sell No. 25 Sydney Street, North Perth as proposed.

STRATEGIC IMPLICATIONS:

This is in keeping with the City's *Strategic Community Plan 2018-2028*:

Enhanced Environment

Our parks and reserves are maintained, enhanced and well utilised.

Connected Community

*Our community facilities and spaces are well known and well used.
We have enhanced opportunities for our community to build relationships and connections with each other and the City.*

Thriving Places

Our physical assets are efficiently and effectively managed and maintained.

Innovative and Accountable

We are open and accountable to an engaged community.

SUSTAINABILITY IMPLICATIONS:

This does not contribute to any environmental sustainability outcomes. This action/activity is environmentally neutral.

PUBLIC HEALTH IMPLICATIONS:

This does not contribute to any public health outcomes in the *City's Public Health Plan 2020-2025*.

FINANCIAL/BUDGET IMPLICATIONS:

The sale proceeds for the Land would be held in the POS Reserve.