

## A14A SALE OF LAND and HOUSING

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### Administration

**PREAMBLE:** The Shire offers a variety of residential and semi-rural land for sale, with benefits accruing to the Shire with every lot sold.

For housing stock, the Shire of Kulin has adopted a practice of turning over nominated housing stock on a regular basis, with an aim of maintaining the asset class at the lowest life cycle cost.

**OBJECTIVE:** To establish a clear and consistent framework for the sale of land and housing.

**PRACTICE:** The CEO shall report regularly to the Council opportunities for the sale of land or housing.

#### **Valuation and Sales Price of Vacant Residential Land for Sale:**

The Reserve Price of Vacant Land Report (the Report) sets the market value, reserve price and incentives offered for the sale of vacant land.

s3.58(4)(c) of the *Local Government Act 1995* states that the market value of property being disposed must be:

- (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.*

Market values in the Report are based on an independent valuation. If this valuation is more than six months old, Council considers whether this is an appropriate indication of market value. If not, another independent valuation is sought.

The Report will be reviewed and adopted by Council every six months.

#### **Valuation and Sales Price for Housing and Industrial Land for Sale:**

The CEO will report to Council the proposed market value for each asset for sale (based on an independent valuation less than 6 months old) and proposed sales price.

### **SALES PROCESS:**

Where a property is to be sold by private treaty or public tender, section 3.58 (3) of the *Local Government Act 1995* will apply as follows:

1. The prospective buyer makes an offer to purchase the property in writing to the CEO.
2. The CEO has delegation to accept an offer for the sale of residential land if it is at or above the Reserve Price set in the Reserve Price of Vacant Land Report or is not less than 10% below this Reserve Price. All other offers (including for housing and industrial land) must be accepted by Council.
3. Local public notice must be given for the sale in accordance with s3.58(3).
4. The CEO must consider any submissions received under s3.58(3). If necessary, the sale will need to be approved by Council.
5. If no submissions are received and the offer meets the requirements outlined above, the CEO can accept the offer.
6. A contract of sale will be drafted and signed.

For residential vacant land for sale, the contract will be in the form of:

- The current REIWA Contract for Sale of Land or Strata Title by Offer and Acceptance; and
- Include a Special Condition being an Option to Repurchase if construction of a residence:
  - a. has not commenced within 2 years of settlement. Evidence of commencement could be a signed construction contract, or approval of a Shire development application, or similar; and
  - b. construction has not reached lock up stage within 3 years of settlement.

The Option to Repurchase Special Condition is to be drafted by a solicitor. The repurchase price will be the original purchase price (as set in the sales contract) less any costs incurred by the Shire including legal costs, lodgement costs, valuation costs and settlement costs.

7. A deposit amount of \$10,000 is to be paid by the buyer upon signing of the contract, with the balance purchase price payable upon settlement.
8. During settlement a caveat will be placed on the Certificate of Title preventing the land being sold or transferred until the Special Conditions are met. The caveat will be lifted when the Special Conditions are met.

Council may offer additional incentives such as discounts. The value of these additional incentives for each block of vacant land is detailed in the Reserve Price of Vacant Land Report.

Where there is either:

- a discount offered when construction milestones are met, or
- an Option to Repurchase is included in the sales contract,

proceeds of the sale should be transferred to the Shire's restricted funds bank account until they are either repaid to the buyer or there is no chance of repayment being necessary.

If residential development does not occur within the timeframe outlined in the Special Condition within the sales contract, Council can elect to give notice of their intention to repurchase the land. Legal advice is to be sought at the time, and the terms of the Special Condition followed.

**DELEGATION:** A.14 Disposal of Vacant Land. All other property sales must be approved by Council.

**HEAD OF POWER:** *Local Government Act 1995*