

## 1. Purpose

To provide a clear framework for the sale of property that is deemed surplus to Council requirements.

To ensure that due diligence is undertaken when considering the disposal or sale of Council owned property.

## 2. Scope

The policy applies to any Council owned property (including land, buildings and structures) which is identified for potential sale.

## 3. Objectives

To ensure that the proper processes and due diligence are followed when disposing of Council property.

## 4. Commencement

This policy comes into force on 25<sup>th</sup> June 2021.

## 5. Definitions

'Council owned property' includes any land, building or structure owned by the Westland District Council.

## 6. Principles

In considering any property sales, the Council, or their delegate must have regard to the following principles:

- 6.1 Transparency: Council property or disposal transaction should generally be conducted in an open and transparent manner, within reasonable commercial confidentiality constraints and using consistent (public) criteria, to maintain public confidence in the expenditure of funds.
- 6.2 Regular reviews: Council's property portfolio should be regularly reviewed to ensure that:
  - 6.2.1 The purpose for which the property is held remains valid and the property continues to be fit for purpose.
  - 6.2.2 Where the property is no longer being used for its intended purpose, or cannot meet that purpose, it will be re-assessed for either disposal or used for another valid purpose ("repurposed").
- 6.3 Maximise value: The Council will seek to maximise the net value of all of its property sales for the financial benefit of its ratepayers.
- 6.4 Consideration must be given to the original intention of the land ownership and whether it is appropriate from the perspective of community conscience to sell it.
- 6.5 Measure performance: The Council will establish and maintain a measure of performance to ensure it is satisfied with the levels of use and service performance levels of its properties in order to ensure timely disposal or repurposing.

## 7 Responsibilities

The following responsibilities and obligations apply:

- 7.1 Only the Council can make the decision and pass a resolution that property is surplus and is to be sold.
- 7.2 For transparency, Council is obliged to get an independent valuation from a registered valuer.
- 7.3 The Chief Executive will be responsible for the terms and conditions of the sale, subject to any specific terms or conditions set down as part of the Council resolution.
- 7.4 The Chief Executive has the power to make any amendments, change or action which is incidental to the Council resolution for the sale of property.

## 8 Policies

- 8.1 A property review will be undertaken at the time of reviewing the Council's Long Term Plan. The review will be presented to Council to confirm the need to retain property and determine if a property is surplus or underperforming.
- 8.2 Any recommendation to declare a property as surplus (or underperforming) must consider Council's published strategic objectives, policies and/or plans as at the time of the assessment.
- 8.3 Property should be reported to Council for disposal (or repurposing) if:
  - a) The property is a financial liability (e.g. the maintenance costs are sufficiently high that they outweigh the benefits of holding the property).
  - b) Where part of the site is attractive to an interested party (e.g. adjoining landowner has signalled their interest in purchasing the land) and the part concerned is not required for council/community use.
  - c) Where part of the site is attractive to an interested party (e.g. encroachment or adjoining landowner). However, in this case, the Council may consider increasing the purchase price to reflect the absence of Council being a willing seller. Alternatively, the Council may choose to charge the encroaching part market rent for use (encroachment) of Council land.
  - d) A property classified as part of the 'commercial' portfolio (designated to return a positive return and offset rates) that is not able to at least break even for more than two years.
- 8.4 Property and land disposals will be scheduled within the proposed property asset management plan. However, should a strong need to dispose of property or land arise outside this process, such disposals will be escalated to Council for a decision.
- 8.5 Consideration will be given to the potential future use, activity and development of the property, adjoining and adjacent properties to ensure that there are no future matters which may be affected by the sale. The Council will also give consideration as to whether the sale of the property would require an easement or other encumbrance to be added to the title to protect Council owned infrastructure or services.
- 8.6 To ensure due diligence, a status check should be carried out on the land to ensure there are no encumbrances on the land which would stop the sale.

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- 8.7 Consideration will be given to the processes required to dispose of land and the costs associated with that in comparison to the potential sale price to be achieved. Matters to be considered include but are not limited to costs of surveying, legal conveyancing, addressing revocation of reserve status, road stopping, creation of easements or removal of easements and provision of legal access.
  - 8.8 Council property will have all the appropriate Council approvals, licenses and certificates of compliance.
  - 8.9 The process of selling Council freehold land that has been declared surplus must be publicly notified. The only exceptions shall be when a single party owns land on most boundaries of the said land, and to sell to an outside party could be seen as mischievous or unreasonable.
  - 8.10 Public notification should be guided by the obligations set out under Section 46 of the Local Government Official Information and Meeting Act.
- 9 Related Policies
- 9.1 Asset Disposal Policy and Asset Register
  - 9.2 Delegations Manual

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