

13.3 INTENTION TO SELL: 351 ST KILDA RD, ST KILDA

EXECUTIVE MEMBER: CHRIS CARROLL, GENERAL MANAGER, CUSTOMER, OPERATIONS AND INFRASTRUCTURE

PREPARED BY: ANTHONY SAVENKOV, HEAD OF REAL ESTATE PORTFOLIO (DEVELOPMENT & TRANSACTIONS)

TOM TEMAY, PROPERTY DEVELOPMENT ASSOCIATE

1. PURPOSE

- 1.1 To seek approval to carry out the community engagement processes under Section 114 of the *Local Government Act 2020* regarding an intention to sell 351 St Kilda Rd, St Kilda.



Image above: the subject site, Council owned land at 351 St Kilda Rd, St Kilda.

2. EXECUTIVE SUMMARY

- 2.1 The subject land is a small reserve beside a major road.
- 2.2 The zoning of the site under the Planning Scheme, as General Residential, implies a higher value alternative use.
- 2.3 Officers suggest that site could be offered to the market, with the proceeds used to fund the purchase and improvement of community property.
- 2.4 Officers highlight the opportunity for a sale to foster the provision of social/affordable housing, through a purchase price abatement should a purchaser elect to, and ultimately deliver, affordable housing as part of its development of the site.
- 2.5 Officers recommend seeking community feedback on the proposal to sell the site.



3. RECOMMENDATION

That Council:

- 3.1 Commences the statutory procedures in accordance with the *Local Government Act 2020* (the “Act”) to sell the subject land at 351 St Kilda Rd, St Kilda, by competitive market process.
- 3.2 Advertises the Public Notice of Intention to Sell on Council’s website in accordance with Section 114 of the Act.
- 3.3 Notes the strategic opportunity outlined in section 4.17 – 4.21 of this report, to incorporate into the potential transaction terms, an incentive to provide social and/or affordable housing.
- 3.4 Commences a community engagement process in accordance with Section 114(2)(b) of the Act.
- 3.5 Authorises Officers to undertake the administrative procedures necessary to enable Council to carry out its functions under section 114 of the Act in relation to the sale proposal and in accordance with Council’s *Community Engagement Policy 2021*.
- 3.6 Following the consideration of any submissions, receives a further report at an Ordinary Meeting of Council.

4. KEY POINTS/ISSUES

The land

- 4.1 351 St Kilda Road is a minor reserve with an approximate area of 346m².
- 4.2 It is the residual parcel of a 1970s road widening.
- 4.3 The boundary of the site is shown in **Attachment 1**.
- 4.4 The site is included within the General Residential Zone – Schedule 13, of the Planning Scheme.
- 4.5 Although it is large enough to function as a public open space, its suitability for that is undermined by:
 - traffic noise, speed and movement, which would affect enjoyment and safety;
 - poor connection with other public open spaces; and
 - single frontage, which is not ideal for passive surveillance and the perception of connectivity.
- 4.6 It is not identified as public open space within the City of Port Phillip draft Public Space Strategy, which underwent community consultation in 2019.
- 4.7 The site is improved with five mature trees – Prickly leaved Paperbarks. As noted in the arboricultural assessment (**Attachment 2**), none are of high retention value.
- 4.8 The site is not listed on, nor is in the vicinity of a site listed on, the Environment Protection Authority Victoria Priority Sites Register. As noted in the attached contamination assessment (**Attachment 3**), there is no contamination for which there is a Duty to Manage or Duty to Notify the EPA under the *Environmental Protection Amended Act 2018*, which came into effect on 1 July 2021.



- 4.9 The findings of the preliminary geotechnical report (**Attachment 4**) suggest that:
- the soil profile is broadly consistent with that expected for the area, (being topsoil of fill and sand to nearly one metre, underlain by Brighton Group sedimentary deposits); and
 - one would encounter groundwater from a depth of around 5.5m below the existing ground level.
- 4.10 The traffic/transport due diligence assessment (**Attachment 5**) notes that the site has excellent access to public transport and other services.

Other uses by the City

- 4.11 Beyond its current use as a reserve, City of Port Phillip has no compelling alternative need for the site.

Unrealised value

- 4.12 The site's zoning suggests that it has higher community value than its current use.
- 4.13 This value could be realised by selling the site.
- 4.14 Proceeds of a sale would be allocated to the Strategic Property Reserve, to be reinvested by buying new Council property, or improving Council's existing properties.
- 4.15 To ensure transparency and best value, sale of Council land is ordinarily by competitive public process.
- 4.16 Prior to making a final decision on whether to sell the land, it is required by section 114 of the *Local Government Act 2020* to publish a notice of its intention to sell, and to engage the community on this intention.

Strategic opportunity

- 4.17 Council has developed an Affordable Housing Strategy, *In Our Backyard – Growing Affordable Housing in the City of Port Phillip 2015 – 2025*, to respond to the growing issue of available housing to support residents with lower income who are experiencing housing stress.
- 4.18 One of its key actions is to support the delivery of social and affordable housing.
- 4.19 A sale of the site could support the delivery of this outcome by including an incentive for a purchaser to include affordable housing within their development.
- 4.20 Should the land be offered for sale, Officers propose that the market offer include a financial incentive where its development includes housing for "very low income" and "low income" households (as defined by section 3AB of the *Planning & Environment Act (Vic) 1987*).
- 4.21 This incentive would involve an abated purchase price. Where a purchaser elected to provide community housing, that obligation would be secured by bank guarantee and contract registered on title under Section 173 of the *Planning and Environment Act (Vic) 1987*.
- 4.22 The offer to the market would not preclude bids by parties not intending to develop the land for social and/or affordable housing.



5. CONSULTATION AND STAKEHOLDERS

- 5.1 Should Council adopt the recommendation, Officers will seek community feedback concerning the sale of the subject land.
- 5.2 The objective of the engagement is to present the community with the proposed sale, the reasons for the sale, and to receive written submission from any person concerning that sale.
- 5.3 The fundamental question of the engagement is: “Are there any reasons why a sale should or should not proceed?”.
- 5.4 The engagement activities Officers propose to undertake are:
 - publishing a notice on Council’s website for four weeks;
 - publishing a notice in *The Age* newspaper;
 - writing to adjoining owners and residents, attaching a copy of the notice, to support awareness of the proposed sale and highlight the opportunity to make comment; and
 - carrying out an online *Have Your Say* survey, to enable members of the community to register comments concerning the proposed sale for Council’s consideration prior to a decision.
- 5.5 Any written submissions received by the closing date will be considered in a further report which will be presented to Council to enable the consideration of such submissions prior to making a final decision to sell the land.

6. LEGAL AND RISK IMPLICATIONS

- 6.1 Council is required to give public notice of its intention to sell the subject land in accordance with Section 114 of the *Local Government Act*, inviting submissions from the community.

7. FINANCIAL IMPACT

- 7.1 Sale of the property is anticipated to release community funds. It will also avoid ongoing maintenance costs.
- 7.2 The intention is to sell the property at no less than its market price, less any abatement realised for providing social/affordable housing.
- 7.3 Council’s approach is to place the proceeds of such sales into the Strategic Property Reserve for use in the acquisition or upgrade of Council property.

8. ENVIRONMENTAL IMPACT

- 8.1 No material environmental impacts are considered to arise from the adoption of the recommendation.

9. COMMUNITY IMPACT

- 9.1 The recommendation, if adopted, provides the community a formal opportunity to consider and provide feedback on the proposal to sell the land, including community impact.



10. ALIGNMENT TO COUNCIL PLAN AND COUNCIL POLICY

- 10.1 The recommendation of this report supports transparent governance and an actively engaged community, and thereby aligns with Council Plan strategic direction “Well Governed Port Phillip”.
- 10.2 The proposal to use the sale of the site to encourage affordable housing outcomes aligns with Council Plan strategic direction “Inclusive Port Phillip”.

11. IMPLEMENTATION STRATEGY

11.1 TIMELINE

- 11.1.1 The consultation activities outlined in section 5 of this report are anticipated to commence in September 2021, with the outcomes reported to Council in November 2021.

11.2 COMMUNICATION

- 11.2.1 Council actively manages its property portfolio to improve asset performance and community value.
- 11.2.2 This includes selling Council land, with the proceeds used to fund the purchase and improvement of portfolio properties.

12. OFFICER DIRECT OR INDIRECT INTEREST

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

ATTACHMENTS

1. 351 St Kilda Rd, St Kilda - boundary survey
2. 351 St Kilda Rd, St Kilda - arboricultural assessment
3. 351 St Kilda Rd, St Kilda - contamination assessment
4. 351 St Kilda Rd, St Kilda - geotechnical assessment
5. 351 St Kilda Rd, St Kilda - traffic/transport assessment