

# Property Sale and Acquisition Policy 2014

*(Replaces Property Sale and Acquisitions Policy 2002)*

## 1. Purpose

The purpose of this policy is to ensure Councils property matters are managed undertaken in an efficient and effective manner, balancing public accountability with commercial needs.

## 2. Principles

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

1. Statutory purpose: Council will own land (and buildings) where they are directly related, or necessarily incidental, to its core purpose or functions.
2. Ownership vs. other options: The decision whether to own property must be considered against other options (e.g. leasing, acquiring an easement etc.) in order to ensure it is an efficient and effective use of resources having regard to existing and anticipated future circumstances.
3. Transparency: Council property acquisition or disposal transactions 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.
4. Non-competitive: Council will not generally own or use property in a manner that unreasonably competes with private commercial interests.
5. Cost recovery: Property services (e.g. housing) will be provided by Council in a manner that ensures cost recovery (where achievable) so as to avoid unreasonable cross-subsidisation by other ratepayers.
6. Minimise whole-of-life costs: Design and construction of new buildings will seek to ensure building costs over the entire life of the building are properly assessed so that an appropriate balance can be struck between up-front capital expenditure and on-going operational expenditure.
7. Prudent financial management: Council property will be managed in a financially prudent manner.
8. Proper information: Council will maintain a complete and up-to-date register of assets, including asset management and maintenance plans that enables it to make informed decisions regarding the sale and acquisition of its property.
9. Regular reviews: The Council property portfolio should be regularly reviewed to ensure that:

- The purpose for which the property is held remains valid and the property continues to be fit for purpose.
  - Where 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 (“reinvented”).
10. Maximise value: The Council will seek to maximise the net value of all of its property sales for the financial benefit of its ratepayers.
  11. Measure performance: Council will establish and maintain measures of performance to ensure it is satisfied with the levels of use and service performance levels of its properties in order to ensure strategic purchase or timely disposal or reinvention.

### 3. Responsibilities

The following responsibilities and obligations apply:

1. Only the Council can make the decision and pass a resolution that a property is surplus and is to be sold or a property is required and is to be purchased.
2. The Council shall stipulate in their resolution to sell a property an acceptable price range or state whether the Chief Executive is authorised to sell at a price that the Chief Executive determines to be appropriate.
3. The Chief Executive (with or without support from subject matter experts), will be responsible to the Property Sub Committee for the terms and conditions of the sale or purchase, subject to any specific terms or conditions set down as part of the Council resolution.
4. The Chief Executive may negotiate and enter into contracts to acquire property so long as the terms of the sale are conditional upon Council ratification at the next appropriate meeting.
5. The Chief Executive has the power to make any amendment, change or action which is incidental to the Council resolution for the sale or purchase of land.
6. The Chief Executive (with or without support from subject matter experts), will be responsible to the Property Sub Committee for all leases, licenses, easements, concessions and related property transactions.
7. The Chief Executive can approve the transfer of reserve land to the Council from developers, the Department of Conservation or any other party, where that land has been identified in the Long Term Plan.
8. The Chief Executive must consult with the Wanaka Community Board on proposals for sale of property in Wanaka, prior to a Council decision to sell any such property.
9. The Audit and Risk Committee will review all property sales, purchases and transfer transactions, on at least an annual basis.

## 4. Policies

### 4.1 Property disposal or reinvention

The following policy statements apply:

1. In September of each year, an annual property review will be presented to Council to confirm the need to retain property and determine if a property is surplus or underperforming.
2. Any recommendation to declare property as surplus (or underperforming) must consider Council's published strategic objectives, policies and/ or plans as at the time of assessment.
3. Property should be reported to Council for disposal (or reinvention) 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 a 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 a site is attractive to an interested party (e.g. encroachment of an adjoining landowner). However, in this case, 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 party market rent for use (encroachment) of Council land.
  - d. A property classified as part of the 'commercial' portfolio (designated to generate a positive return and offset rates) is not able to at least break even for more than two years.
4. Property disposals will be scheduled within the property asset management plan. (However, should a strong need to dispose of property arise outside this process, such disposals may be escalated to Council for a decision.)
5. Council will not sell its property during the time of a significantly depressed property market.
6. Council property will have all the appropriate Council approvals, licences and certificates of compliance.
7. The process of selling Council freehold land that has been declared surplus must be publically notified. Public notification should be guided by the obligations set out under Section 46 of the Local Government Official Information and Meetings Act.

### 4.2 Property acquisition

The following policy statements apply:

1. Council's property acquisitions will follow a timely and efficient process for both internal and transactional matters, to ensure community confidence, transparency, accountability, and appropriate price / contractual terms are delivered.
2. Non-ownership options for property are preferred (such as joint ventures or leasing) unless the Council service or objective is shown to be achieved more cost effectively through ownership.

3. Council property purchases will be generally identified within the property asset management plan. However, should an opportunity to acquire property arise outside this process such acquisitions will be considered subject to Council approval, so long as:
  - a. It can be shown that such a purchase is required to meet infrastructure or community needs as identified in approved Council plans or
  - b. The likely commercial return is greater than the current interest rate or
  - c. The purchase is strategically important to Council and/or the community
4. Council's preference will be to secure freehold ownership of property where the long-term use (generally greater than 15 years) will be necessary to meet Council's objectives.
5. Where properties are leased by Council from external parties, the tenure should reflect the specific business needs of the activity including lease term, security of tenure, appropriateness and soundness of any improvements and market conditions while being consistent with any other relevant Council policies.