

## **P05-019 Approval of Properties for Sale and Method of Sale Policy**

*Approved by the Council on 2 August 2005*

### **Sale Approval Process:**

- a) All properties identified as surplus to the council's requirements are to be placed on a schedule "Properties identified as surplus to council requirements".

(It should be noted that this schedule will include properties approved for sale and those yet to be approved for sale. The appearance of a property on the schedule that has yet to be approved for sale is not an indicator that it will be approved to be sold)

- b) Where possible, properties proposed to be sold and projected to contribute to the council's asset sales income, should be identified in the Long Term Council Community Plan.

- c) A report is to be presented to the Monitoring Committee for each and every property proposed to be sold, the report to request approval to consult and report back to the Monitoring Committee for a decision to sell or retain the property. The report is to include the following information:

- i) The location, legal and general description of the property.
- ii) Occupancy arrangements if tenanted.
- iii) When, why and how the property was acquired.
- iv) If there are any known iwi/hapu or local community interests that should be considered.
- v) Whether or not the council should consider giving the relevant iwi/hapu or local community interests the first right of refusal for a limited period of time.
- vi) Why it is now considered surplus to council requirements.
- vii) Whether the property will be subject to a Public Works Act offer-back.
- viii) An assessment of the significance of the property.
- ix) A recommendation on consultation to be undertaken (but the minimum to be consultation with iwi/hapu, known interested parties and with public notice by way of advertising in the daily newspaper).
- xiv) The recommended method of sale.

- d) A copy of the report is to be placed on the appropriate community board and Iwi Liaison Subcommittee agenda with a further copy to be forwarded to the relevant iwi/hapu.

- e) When a property has been approved for sale and any Public Works Act obligations have been completed, the property is to be marketed and sold in the approved manner and as described below (Method of Sale).

- f) Every six months a property sales report is to be presented to the Monitoring Committee and iwi/hapu giving details of properties sold during the current financial year; the proceeds of sale and comparison to budget; and what progress has been made towards sale of properties listed on the “Properties identified as surplus to council requirements” schedule but yet to be sold.

**Method of Sale:**

- I. Properties approved for sale are to be listed, marketed and sold by a licensed real estate agent (or agents) except where the council has social or other than price maximisation objectives that require evaluation and/or negotiation, in which instance the council may itself conduct the marketing and sales process.
- II. A market valuation by a registered valuer must be obtained for each and every property to be sold. Properties are to be sold for the highest possible price but under no circumstances for a price below 85 per cent of the market value assessed by the valuer. An exception to this is when a property is to be sold “off-market” (see description of this term below) in which instance the value set by the valuer is to be the minimum sale price.
- III. When properties are being sold by a real estate agent the decision as to whether on-market property sales are to be by way of auction, tender, or private treaty should be made in conjunction with the real estate agent(s) appointed to conduct the marketing and sales process. As a general rule, however, those properties whose location or features are such that they are likely to attract good interest from prospective purchasers should be auctioned or tendered and properties that are likely to attract less buyer interest should be offered for sale by private treaty.
- IV. The appointment of real estate agents should be based on the strength of the agency in conducting sales of the type of property to be sold as well as their representation in the geographic location of the property to be sold. The decision as to whether a sole, master or general agency is to be granted should have regard to the type of property and method of sale to be adopted. A master agency may be preferential to a sole agency in many circumstances as it provides one point of contact for the council while allowing for the involvement of other agents and ensuring the master agent receives a fee irrespective of whether that agency or another concludes a sale.

Note: An “on-market” sale is where a property is listed for sale with real estate agents or publicly marketed for sale by the council. An “off-market” sale is where a sale is negotiated with a selected party for reason of the party being the only possible purchaser or where the council has the desire to achieve a particular outcome.