

Name:	Lease of Council Property		
Type:	Council Policy		
Owner:	Chief Executive Officer		
Responsible Officer:	Director Corporate Services		
Approval Date:	19/09/2017	Next Review Date:	1/07/2019
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1 PURPOSE

This policy establishes the processes related to the long term leasing of Council real estate to other parties.

2 PRINCIPLES

City of Palmerston is committed to open and transparent processes across all Council activities. This policy ensures long term leases with third parties are established under considered, fair and transparent processes, and that Council obtains the best possible outcomes and price.

3 DEFINITIONS

For the purposes of this Policy, the following definitions apply:

Term	Definition

4 POLICY STATEMENT

4.1 General Policy

- 4.1.1 As a general rule, Council (as custodian of public assets) would provide a long term lease on all property through an open market format to ensure due probity of process and optimal financial return (and minimal risk).
 - 4.1.1.1 Properties available for lease will be publicly advertised for a minimum of three weeks via an appropriate real estate agent, as well as via Council's website and social media.
 - 4.1.1.2 A current independent valuation of the market value shall be prepared and act as a benchmark for returns on the property.
 - 4.1.1.3 The Chief Executive Officer is delegated the authority to determine the awarding of leases.
- 4.1.2 However, one of Council's roles of participating in the marketplace via property ownership is to facilitate desired goals and objectives to ensure the growth and prosperity of the City, which if left to the private marketplace alone, may not be achievable. In such cases, an alternative process is more appropriate.
 - 4.1.2.1 Leases under the General Policy shall be carried out under delegation.
 - 4.1.2.2 Leases for which an alternative process is recommended shall be brought to Council for its approval.

4.2 Alternative Process

- 4.2.1 Council may undertake an alternative process for the long term lease where in Council's opinion, an alternative lease approach will achieve greater benefits to the ratepayers than could be achieved through a public process and will entertain direct negotiations to the exclusion of a public process.
- 4.2.2 The circumstances which give rise to an alternative approach include:
- 4.2.2.1 Where the total cost of the public process will exceed the expected community benefit. For example, where the annual lease has no significant commercial value.
 - 4.2.2.2 Where there is only one identifiable lessee. For example where a site is not large enough for development or lease in its own right and is surrounded by public roads on all sides other than the adjoining owner
 - 4.2.2.3 Where Council is bound by a contractual obligation. For example, a tenant with a first right of refusal
 - 4.2.2.4 Where a long term lease is nearing the end of its term and implementing an open market process would impose either:
 - A significant and commercially undesirable reversionary cost (or risk of such cost) to Council; or
 - An unsatisfactory capital investment scenario which will impact (or is at risk of impacting) the achievement of the Goals and Objectives of Council.

the term of the extension of lease should be commensurate with a period required to satisfactorily reduce such risks or costs to Council.
 - 4.2.2.5 The sitting lessee has a special interest in the land and no other similar party can be identified (i.e. a unique community based club, education use etc).
 - 4.2.2.6 Long term lease to adjoining owners or persons with an option over adjoining land where Council's land is required as part of a larger scheme of development.
 - 4.2.2.7 Long term lease of land to the NT Government to facilitate a strategic project.
 - 4.2.2.8 Long term lease to a government or utility authority for the purpose of infrastructure provision.
 - 4.2.2.9 Where a public marketing process which has been undertaken in accordance with this Policy has failed to achieve the desired outcome.
 - 4.2.2.10 In response to a proposal which achieves specific policy goals of Council. This exclusion aims to allow Council to respond to an approach for the development of a unique project. Any such proposal must comprise a concept plan and description of the project and clear demonstration of the achievement of specific policy and strategic goals and objectives of Council.
 - 4.2.2.11 Where a sitting lessee or adjoining occupant propose a commercial arrangement which is of benefit to Council. Council may take into consideration current market conditions, future investment commitments, the pre-existing relationship with the lessee and other associated risk profiles.

4.3 Conflict of Interest

- 4.3.1 Where it is considered by the Chief Executive Officer that a conflict of interest may exist in the exercising of delegation under this policy, the decision will be referred to Council.

4.4 Factors to be taken into account

- 4.4.1 Key factors to be taken into account, including their weightings, when making a decision on awarding a lease include:
- Rental yield 50%
 - Business experience 20%
 - Employment outcomes 10%
 - Support of Municipal Plan 10%
 - Support of and linkages with City Centre Master Plan 10%

5 ASSOCIATED DOCUMENTS

6 REFERENCES AND RELATED LEGISLATION

- 6.1 Section 182(1) of the Local Government Act