



Preston Village Project Management Team Meeting Agenda

To:

Cr Crowley and Cr Van Der Heide

To be held on

Thursday, 11 May 2017

Commencing at 5.00pm

In Meeting Room, Shire Administration Building
Cnr Bentley and Collins Streets, Donnybrook WA 6239

Benjamin (Ben) Rose
Chief Executive Officer

5 May 2017

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PRESTON VILLAGE PROJECT MANAGEMENT TEAM MEETING

AGENDA

11 May 2017

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3 REPORTS OF OFFICERS

3.1 Chief Executive Officer

3.1.1

UNIT 4 PRESTON RETIREMENT VILLAGE

Location:	152 Sharp Street, Donnybrook
Applicants:	Shire of Donnybrook Balingup
Zone:	Special Use Aged Person Accommodation
File Ref:	CSV 01/9
Author:	Ben Rose – Chief Executive Officer (Kate O’Keeffe - Executive Officer)
Report Date:	2 May 2017
Attachment	3.1.1 – Property Valuation Report for Unit 4 Preston Retirement Village

Background

Unit 4 Preston Retirement Village has recently become vacant and is in the process of having minor refurbishments conducted in preparation for marketing. The unit comprises a 2008 built, two bedroom, one bathroom, brick and colorbond retirement villa with a single car garage located in the Preston Retirement Village. Mrs Morgan originally leased the unit as a new build in August 2008 for \$310,000.

Comment

Historically, Council have focussed on seeking a lease price that is both competitive with the market and a reflection or increase of previous unit leases to ensure the units maintain a good financial position. Below is a list of recent unit lease amounts at Preston Village:

- Unit 8 (built 2008) - \$308,000 – Settled 31 March 2017
- Unit 13 (built 2015) - \$312,000 – Settled 29 September 2016
- Unit 12 (built 2015) - \$315,000 - Settled 3 December 2015
- Unit 8 (built 2008) - \$305,000 - Settled 28 November 2014
- Unit 2 (built 2008) - \$285,000 - Settled 13 December 2013
- Unit 9 (built 2008) - \$285,000 - Settled 26 September 2013
- Unit 7 (built 2008) - \$285,000 - Settled 12 March 2013

The most recent leases within Preston Village have varied between \$308,000 and \$315,000. All units within the complex are of a similar size, layout and quality.

A property valuation for Unit 4 Preston Retirement Village was recently conducted by LMW South West. The Property Valuer considers the unit has a value range of \$305,000 to

\$315,000 and has recommended the property be marketed at the mid-point value range of \$310,000. The Executor of Mrs Morgan’s Estate has agreed with this recommendation.

As Mrs Morgan was the first lessee to occupy Unit 4, there is no “value growth” sum incorporated into the original lease figure. Therefore, the original lease fee of \$310,000 represents the figure that is owed by the Council to the outgoing lessee, less accrued expenses relating to Amenities Fees, Reserve contributions and any outstanding operating costs.

Under the terms and conditions of the lease contract, Council has a period of up to three years, from the date that the lease ceased, to refund the amount owed to the outgoing lessee (i.e. the \$310,000 less accrued fees). However, once the property is re-leased, the proceeds from the lease, less fees accrued, will pass to the previous lessee. In the event that Council is unable to secure a new lessee at the original price of \$310,000 then the following options are available:

- 1) Continue to market the property until an offer of at least \$310,000 is received.
- 2) If an offer is received at less than \$310,000 Council may negotiate with the outgoing lessee’s Executors to obtain a loan forgiveness of the shortfall between the offer and the original lease of \$310,000.
- 3) Council could chose to accept a loss in order to ensure that the property continues to be occupied.

Given that the property valuation indicates that the property value is in the order of \$310,000 and that recent leases have been executed at a very similar figure, it is recommended that the unit be marketed at a minimum of \$310,000 and that Council remain firm on its price in order to maintain the value of the units within the complex. It is suggested that a starting price of \$315,000 would be appropriate. This will also ensure that the Estate of Mrs Morgan receives a fair return on her investment in the property.

Any agents fees incurred in the marketing of the property are payable by the outgoing lessee and the Shire has the option to market or not to market the property. Specific conditions apply within the contract in regard to these options.

Consultation

LMW South West has provided a market valuation for the Project Team’s and Council’s consideration.

Policy/Statutory/Voting Implications

Policy

N/A

Statutory

Retirement Villages Code Regulations 2015

Voting

Simple Majority

Financial Implications

Re-leasing of the property will enable accrued Amenities Fees and Reserve contributions to be realised in cash. These funds are usually transferred to Council's Aged Housing Reserve.

Marketing of the property with a firm price of at least \$310,000 and up to \$315,000 will ensure that neither the Estate of Mrs Morgan or the Shire will forego any funds as a result of the re-lease of the property.

Strategic Implications

Outcome 3.1 Improve and increase the range of aged care and disability services, facilities and housing.

Outcome 3.1.4 Continue to manage well-aged facilities and assess opportunities for additional units.

Officer's Recommended Resolution

Moved:

Seconded:

That the Preston Village Project Management Team recommend to Council that Unit 4 Preston Retirement Village be marketed for lease with an asking price of \$315,000.

4 CLOSURE OF MEETING

The Chairperson to advise the date of the next Preston Village Project Management Team meeting will be _____.

The Chairperson to declare the meeting closed at _____pm.