

BUSINESS PLAN FOR MAJOR LAND TRANSACTION

Proposal for Purchase of Residential Property for use for Staff Housing

December 2024

Submissions close 3.00 pm 29th January 2024

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INTRODUCTION

The following Business Plan has been prepared to satisfy the requirements of Section 3.59 of the *Local Government Act 1995* and associated legislation.

The Town proposes to undertake a Major Land Transaction comprising of the purchase of 15 x residential units situated in Captains Way, South Hedland. The units will be used to house staff. The Town is not proposing to receive any commercial gain from the transaction.

The business plan is designed to allow members of the community the opportunity to consider this proposal and provide comment, prior to Council making a decision to proceed with the project. Submissions received during the public consultation period will be considered by Council prior to any decision.

BACKGROUND

HISTORY

The Town of Port Hedland is experiencing a shortage of staff housing to accommodate staff and to offer incentives to encourage staff into hard-to-fill, critical roles.

An internal review of Town owned residential staff housing has identified a deficit of forty-one (41) properties to facilitate the housing of eligible staff and families.

The prevailing restricted rental market, the deficit in Town owned housing stock, the capacity to house existing staff and to attract new staff presents several challenges to the Town including, but not limited to:

- Attracting and retaining skilled staff in business-critical and specialist roles.
- Meeting staff turnover and maintaining staffing levels to sustain service delivery and levels of service.
- Retaining staff currently renting in a market that is prone to regular rental increases and is prone to housing stock shortages.
- The Strategic Workforce Plan and Long-Term Financial Plan identify that additional senior and specialist staff will be required to administer and operate a significant portfolio of proposed facilities and assets.
- Limited capacity to build from new with estimated costs in the order of upwards of \$600,000, and land prices ranging from \$100,000 to \$250,000. It is further estimated that the magnitude of building costs is between \$3,000 and \$4,700 per square metre (Estimates are based on recent tender responses).

DESCRIPTION OF THE PROPOSED TRANSACTION

The Town is proposing to purchase the properties in an off-market transaction.

The Town has been offered the opportunity to purchase a development consisting of 15 x residential units situated at 15 Captains Way, South Hedland. The Development has not been completed.

The development will consist of 15 x residential dwellings at the time of completion with the below configurations suitable for staff housing requirements.

House Type	Type No.
4 x 2	2
3 x 2	2
2 x 2	11
Total Dwellings	15

The unit development represent good value for money and the purchase price represents fair market value in challenging property market conditions.

ZONING

Under the Town of Port Hedland Local Planning Scheme No.7 – 20 Captains Way, South Hedland is zoned Residential (R20) under the Town's Local Planning Scheme No. 7. R20 zoning is a Residential Design Code (R-Code) in Western Australia that indicates a density of 20 dwellings per hectare.

NATIVE TITLE

The block is not subject to Native Title.

CONTAMINATION

None of the lots are listed as contaminated under the *Contaminated Sites Act 2004*,

PURCHASE PROCESS

The Town is required to comply with Section 3.58 and Section 3.59 of the *Local Government Act 1995*. Town staff are allocated housing on the basis of their position and a lease for the property is entered into which is tied to a person's employment with the Town. Given this gives a person some exclusivity of use then the transaction is not exempt.

Under Section 3.59 subsection (2), a local government is required to prepare a business plan prior to entering into a major land transaction.

- a) giving local public notice of the proposed disposition:

- i) describing the property concerned; and
- ii) giving details of the proposed disposition; and
- iii) inviting submission to be made to the local government before a date to be specified in the notice, being a date not less than 2 weeks after the notice is first given.

and

- b) considering any submissions made before the date specified in the notice.

The Town will purchase the property in accordance to Section 3.59 will undertake the transaction as an off-market transaction.

LOCAL GOVERNMENT ACT COMPLIANCE

Before undertaking a Major Land Transaction, the Town of Port Hedland under Section 3.59 of the *Local Government Act 1995* is to prepare a business plan.

The business plan is required to include an overall assessment of the major land transaction and is to include details of:

- a) its expected effect on the provision of facilities and services by the local government; and
- b) its expected effect on other persons providing facilities and services in the district; and
- c) its expected financial effect on the local government; and
- d) its expected effect on matters referred to in the local government's current plan prepared under section 5.56; and
- e) the ability of the local government to manage the undertaking or the performance of the transaction; and
- f) any other matter prescribed for the purposes of this subsection.

This business plan complies with these requirements.

EXPECTED EFFECT ON FACILITIES AND SERVICES PROVIDED BY THE TOWN

The development of the 15 x residential units will enable the Town to provide housing for staff undertaking a number of key roles within the organization. Currently the Town is experiencing difficulties in recruiting key roles as there is a shortage of appropriately priced rental accommodation.

The proposal is expected to have a positive effect on the provision of facilities and services by the Town of Port Hedland. The construction of the 15 x residential units will ensure that key services provided by the Town are able to continue to be provided. The Town will be required to manage the units in line with other houses the Town owns for staff housing.

MUNICIPAL SERVICES

The Town of Port Hedland undertakes a range of services for the community. It is imperative that good quality housing is provided to staff to enable these services to be provided. Housing provision ensures service continuity and enables staff to be attracted and retained by the Town. services provided by the Town.

If housing is not provided to key staff then the Town will struggle to attract and retain appropriate staff given the average weekly rentals in Port Hedland range between

\$1500-2000. This simply prices staff out of the rental market and therefore impacts on the Town's ability to retain those staff and to continue to provide a high level of service to the Community.

EXPECTED EFFECT ON PERSONS PROVIDING FACILITIES AND SERVICES IN PORT HEDLAND

The proposal is not expected to negatively impact on persons providing facilities and services within the Town of Port Hedland.

COMPETITION

The construction of these 15 x residential units will come from new housing stock in the Town and the purchase is an off market process.

COMMUNITY AND ECONOMIC BENEFITS

The proposal will provide the following community and economic benefits:

- Enable the Town to house key staff thereby ensuring continuity of services.
- Provides a good level of housing enabling attraction and retention of staff.
- Is cost effective option for the Town.
- Historical unit development have been highly occupied by Town staff & are a preferred housing option due to safety & security for tenants.

EXPECTED FINANCIAL IMPACT ON THE TOWN EXPECTED NET INCOME

The Town has undertaken internal financial modelling to understand the expected net financial effect on Council finances. The estimated purchase price for the units is \$9.5 million thus the expected financial impact on the Town is \$9.5 million plus acquisition fees. This will be funded from reserves. Annual cost estimates include water, insurance and maintenance (of AC, fire and RCD) at \$12,000 per annum, depreciation expenses increase will also be factored into the annual budget for these properties.

There are no plans for the Town to make a financial return off the properties, however in the future if the properties were to be disposed, a further major land transaction business plan will be undertaken.

EXPECTED EFFECT ON THE MATTERS REFERRED TO IN THE LOCAL GOVERNMENT'S CURRENT PLAN PREPARED UNDER SECTION 5.56

Section 5.56 of the *Local Government Act 1995* requires a local government to plan for the future of its district.

The Town's Community Strategic Plan sets out a number of activities and services to be undertaken on behalf of the Port Hedland Community. The provision of these activities and services is dependent on having staff to undertake these activities and services. The proposal is in line with the Plan's vision and mission.

The vision statement outlines what a community aspires to become, without its current barriers, and is tied to what it values as a community. The statement below is the intended outcome of our Strategic Community Plan 2022-2032:

“Together, we create a thriving, resilient and inclusive future for our diverse community”

The mission statement is a concise statement about why the organisation exists and its overall intention. It supports the vision and helps communicate organisational goals and directions to employees, stakeholders and the wider community. The statement below is the intended purpose of the Town of Port Hedland:

“To guide the growth and development of the Hedland community, economy and environment through the provision of strong civic leadership, provision of high-quality services and facilitation of active community participation”

STRATEGIC COMMUNITY PLAN 2022 - 2032

The Strategic Community Plan 2022 – 2032 outlines the future direction of the Town of Port Hedland. It focuses on building generational prosperity, economic and environmental sustainability and community through partnership, civic leadership and collective action over a ten-year period. It reflects trends occurring within our community, the local context, outlines our community aspirations and the activities required to achieve our goals by 2032.

The Plan covers four themes:

- Our Community – We honour our people and our cultural heritage – ensuring wellbeing, diversity, creativity and strong civic engagement and dialogue.
- Our Economy – We build prosperity for all – enabling sustained and diversified economic and employment growth.
- Our Built and Natural Environment – We treasure and protect our natural environment and provide sustainable and resilient infrastructure and built form.
- Our Leadership – United in our actions to connect, listen, support and advocate, thereby leveraging the potential of our people, places and resources.

The proposal is in alignment with the Town’s Strategic Community Plan 2022 – 2032, particularly Outcome 4.3 - Effective delivery of services and infrastructure to meet community needs

ABILITY OF THE LOCAL GOVERNMENT TO MANAGE THE UNDERTAKING OR THE PERFORMANCE OF THE TRANSACTION

The Town has successfully completed the construction of a number of properties which it has added to its portfolio. The Town has a property management unit which undertakes the management and maintenance of the Town’s staff housing portfolio

ensuring fit for purpose housing for key staff. Operational budgets are sufficient to ensure appropriate maintenance regimes are put in place.

ANY OTHER MATTER

The Town is not aware of any other matters that are relevant to the proposed transaction.

PUBLIC CONSULTATION

The Business Plan is open for public submissions for a period of six (6) weeks under Section 3.59 of the *Local Government Act 1995*.

A copy of the Business Plan can be accessed through the Town of Port Hedland website at www.porthedland.wa.gov.au with hard copies available at the Town of Port Hedland Administration Office and Town operated libraries.

Submissions must be in writing and addressed to:

Chief Executive Officer
Town of Port Hedland
PO Box 41
PORT HEDLAND WA 6721

Alternatively, submissions may be emailed to council@porthedland.wa.gov.au

Submissions may be made to the Town before 3:00pm Friday 21 March 2025.