



## City of Gosnells Valuation Brief for land valuation associated with the provision of cash-in-lieu of Public Open Space

This document applies exclusively to situations where a subdivider is required to make a cash contribution in lieu of providing land for Public Open Space purposes. This document does not apply to situations where subdividers are seeking a reimbursement in response to providing excess land as Public Open Space. Should the latter situation arise, please contact the City of Gosnells on 9397 3173 for specific advice.

### 1.0 Context

Section 153(1) of the *Planning and Development Act 2005* (the Act) provides that, where the Commission has approved a plan of subdivision on condition that a portion of the land is set aside for open space and vested in the Crown, the obligation may be satisfied by the owner paying to the local government a sum that represents the value of that portion.

Section 155(1) of the Act defines market value as “*the capital sum which an unencumbered estate in fee simple in the land might reasonably be expected to realise if offered for sale on such reasonable terms and conditions as a bona fida seller would require.*”

Section 155(3) of the Act states that the market value of land:

- (a) *is to be determined, at the cost of the owner of the land, by a licensed valuer agreed upon by the parties or, failing agreement, appointed by the local government; and*
- (b) *is to be so determined —*
  - (i) *as at the date on which the valuation is made; and*
  - (ii) *on the basis that there are no buildings, fences or other improvements of a like nature on the land; and*
  - (iii) *on the assumption that any rezoning necessary for the purpose of the subdivision has come into force; and*
  - (iv) *taking into account the added value of all other improvements on or appurtenant to the land.*

### 2.0 Purpose

Given the ambiguity of the above text, the purpose of this brief is to provide guidance on the valuation methodology in order to maintain a level of uniformity in the content of valuations and to ensure the inputs to determining the contribution are in accordance with the City's expectations.

### 3.0 Selection of Valuer

In accordance with Section 155(3)(a) of the Act, the valuation is to be undertaken by a valuer agreed by the owner of the land and the Local Government, or failing agreement, a valuer appointed by the City.

Section 5.1 of the Department of Planning Lands and Heritage – Position Statement: Expenditure of Cash-in-Lieu of Public Open Space (September 2021) notes that “*The Local Government will, at the expense of the subdivider, seek a valuation of the land from the Valuer General's Office or a licensed valuer.*” In that regard the City will select a valuer and issue instructions following a request to determine the contribution being received from the



owner of the land or their representative (the subdivider). The cost of the valuation will be at the subdivider's expense and will at all times be a matter between the subdivider and the valuer.

## **4.0 Instructions supporting the valuation**

When a valuer is appointed, the City will provide this valuation brief to the appointed valuer, and in providing a valuation to the City, the appointed valuer is to explicitly confirm they have cited this brief and adhered to the specific direction contained within.

Following receipt of the City's instructions the appointed valuer will contact the subdivider and provide them with a copy of the valuer's terms and conditions and/or a quote for the provision of the valuation service. The subdivider is to execute any necessary documentation required by the valuer to allow them to undertake the valuation.

## **5.0 Valuation Methodology**

Market Value shall be determined in the first instance by a methodology based on comparable sales (market evidence) and shall include a minimum of five examples of comparative sales within the last six months. Examples should be either from the subject locality or from a locality with a comparable demographic from within the wider metropolitan area. In the case of sales evidence from outside of the subject locality, the report is to detail the merits and suitability of these examples.

The subject examples shall be detailed on the basis of features, size and potential for development, with commentary on their value in comparison to the subject site. They shall detail the sale price, date, land area and the resultant rate per square meter of the sale.

Analysis of comparable sales shall account for all circumstances that might affect value, either advantageously or prejudicially and shall detail the valuer's views of how the example compares to the subject property.

It is the City's view that contemporary comparable sales represent the most accurate measure of value and it is expected that sufficient examples will be available in the majority of cases to enable a valuation to be completed. Where there is no comparable sales evidence, the valuer should contact the City to discuss what other methodology is acceptable and on what basis any other methodology should be employed.

## **6.0 Other Valuation Considerations**

Valuations should have due regard to the characteristics of the subject land as it relates to the selected sales examples, including (but not limited to) the following:

- a) highest and best use, zoning, development density and efficiency;
- b) physical characteristics such as size, topographical, aesthetic, geological and environmental factors;
- c) location, access and surrounding amenities;
- d) market conditions and the then present demand for land; *and*
- e) the added value of any and all other improvements on or appurtenant to land including merged improvements, which in accordance with *The Law Affecting Valuation of Land in Australia* (Hyam, 2009), means any works in the nature of draining, filling, excavation grading or levelling of the land, retaining walls or other structures or works for that purpose, the removal of rocks, stone or soil, and the clearing of timber, scrub or other vegetation. The value of such



improvements is to be the evidenced cost of the works and is to be expressed in the valuation as a separate figure. Added to the unimproved land value.

The Market Values of land shall include GST.

## **7.0 Validity of POS Valuation**

In accordance with Section 155(5) of the Act, any POS valuation must be no more than 90 days old.

The City will not accept a valuation and confirm a contribution for the cash in lieu unless, and until, the subdivider has paid the valuer for the valuation service

## **8.0 Non-compliance with Brief**

In accordance with s 156 of the Act, the City reserves the right to dispute any valuation not in accordance with this brief.