



Valuations Procedure

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1.0 Purpose

This procedure documents the process undertaken by the Valuations team and various business areas in the Suburban Land Agency (the Agency), City Renewal Authority (the Authority), and the Asbestos Response Taskforce (the Taskforce) to seek, prepare and provide valuation advice and market assessment advice for the purpose of land transactions managed by the Agency, Authority and Taskforce.

2.0 Scope

This procedure outlines the steps and timing requirements for staff in the Agency, Authority and Taskforce to seek and obtain valuation advice and market assessment advice from the Valuations team.

This procedure does not cover valuations undertaken by other sections of the Environment, Planning and Sustainable Development Directorate (EPSDD) or the Government, such as the Public Housing Renewal Taskforce and Direct sales, as they conduct valuations on a separate basis.

Market value of land for sale purposes

The price determined by the Agency, Authority or Taskforce to sell land on behalf of the ACT Government should be informed by at least two current market valuations that are procured in accordance with stipulated ACT Government legislation, the EPSDD Valuations policy and other relevant legislative instruments.

Reserves

The Chief Executive Officers (CEO) of the Agency and Authority should nominate reserve prices for their Agency and Authority as close as reasonably practical to the intended release/reserve publication date. This is to ensure that the nominated reserve prices accurately reflect current market conditions at the time of the sale, and to minimise the risk of nominated reserve prices becoming known by potential buyers in advance of the sale. The timing requirements for reserve prices to be nominated are included below:

- Auction reserves: within one (1) to three (3) working days from the auction date, unless the reserves are to be disclosed, at which point the prices will be nominated one (1) to two (2) weeks in advance of publication.
- Tender reserves: within one (1) to three (3) working days from the tender closing date.
- Ballot reserves: within one (1) to two (2) weeks in advance of publication.

Valuation Reports

Consistent with the EPSDD Valuation policy, valuation reports obtained from independent certified practising valuers are to include a valuation date and unless otherwise specified by the valuer, should remain current for a period of ninety (90) days or three (3) calendar months from the date of valuation that is indicated in the valuation report.

Staff seeking valuation advice for land transactions are to be aware of the **minimum timing requirement** that is required for the Valuations team to fully process a valuations request:

- Establishing a sale price – eight (8) weeks;
- Due diligence expenditure and Business Case development – six (6) weeks;
- Feasibility – four (4) weeks;
- Acquisition – four (4) weeks;
- Land transfers between the ACT Government and the Commonwealth Government and within the ACT Government – six (6) weeks;
- Market appraisal – four (4) weeks;

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- A single non-complex site, could be completed within two (2) to four (4) weeks;
- About twenty (20) blocks, could be completed within four (4) to eight (8) weeks; and
- About five hundred (500) blocks, could be completed within twelve (12) weeks.

The timing requirement is also contingent on existing work pressures, available resources in the Valuations team, the complexity of the site or volume of the request, or where multiple releases are scheduled to occur within the same timeframe.

These approximate timeframes commence when ***the request has been fully scoped*** and ***all required information*** relating to the request has been received by the Valuations team.

As a general practice, business areas requiring valuation services at a future date are strongly advised to liaise with the Valuations team early and prior to seeking the valuations service.

3.0 Roles & Responsibilities

The following table outlines the roles and responsibilities undertaken in this procedure.

Role – Position/Section/Branch	Responsibility
Chief Executive Officer – Agency	The only delegated authority to approve reserve prices for land sold by the Agency and Taskforce.
Chief Executive Officer – Authority	The only delegated authority to approve reserve prices for land sold by the Authority.
Executive Director, Development Delivery – Agency	For probity reasons, co-signs nomination of reserve prices with Chief Executive Officer. Does not have the delegated authority to approve reserve prices.
Director, Development – Authority	For probity reasons, co-signs nomination of reserve prices with Chief Executive Officer. Does not have the delegated authority to approve reserve prices.
Deputy Chief Executive Officer – Agency	For probity reasons, occasional co-signatory to nominate reserve prices where the Executive Director, Development Delivery is unavailable. Does not have the delegated authority to approve reserve prices.
Chief Operating Officer – Authority	For probity reasons, occasional co-signatory to nominate reserve prices where the Executive Director, Development Delivery is unavailable. Does not have the delegated authority to approve reserve prices.
Chief Financial Officer – Agency	Approves the Valuations procedure.
Manager, Valuations – Agency	Makes reserve price recommendations for the CEO to nominate. Approves the accuracy of the procedure and liaises with colleagues as required on the land valuation process.
Valuations Project Manager – Agency	Makes reserve price recommendations for the CEO in the absence of the Manager, Valuations. Provides advice and assistance on the valuation process, including managing procurement of valuation services, reviewing valuation advice for accuracy and consistency and drafting reserve sale pricing recommendations.
Valuations team staff – Agency	Process requests for valuation advice in accordance with this procedure and provide operational support to the Manager, Valuations and Valuations Project Manager.
Project Director – Authority	Occasional requester for, and timely reviews of the accuracy, quality and consistency of valuation advice and



Role – Position/Section/Branch	Responsibility
	market assessment advice.
Requesters of Valuations	Completes a Request for Valuation template, which is found on the Agency’s Intranet, with all relevant information and reviews valuation advice to ensure consistency with instructions.
Finance Policy Manager – Agency	Drafted this procedure.

4.0 Procedure – Description of activities

A summary of the valuation process as depicted in a flow chart is found at Attachment B. The following steps are to be completed to determine the market value of land sold by the Agency, Authority and Taskforce.

Staff seeking valuation advice:

1. Requesters of valuation advice should access the Agency’s Intranet or Attachment B to this procedure to obtain the *Request for Valuation* template.
2. The requester completes the *Request for Valuation* template.
 Note: if the request for valuation is urgent and is required to be provided earlier than the above timeframes, it should be indicated in the request, while also stating the reason for the urgency. Shorter timeframes may not be able to be met and should be negotiated with the Valuations team on a case-by-case basis.
3. The requester of the valuation advice emails the completed request with all other relevant information to the Valuations team’s email: suburbanland.valuations@act.gov.au, copying their Program Manager and Development Director in the email.

Valuations team’s processing of request:

1. The Valuations team will send a reply email within two business days to acknowledge receipt of *Request for Valuation* template.
2. The Valuations team creates a new Objective file that is to contain all correspondence in relation to the request.
 - a. A new file will be created in the relevant project folder, for example *Suburban Land Agency – Project – Taylor >> 11. Valuations*. The folder’s name will be:
 - i. the date (year/month/day);
 - ii. the function and/ or activity (what are we doing); and
 - iii. the subject (the block or blocks or short description).
3. The Valuations team reviews the *Request for Valuation* template to ensure that all required information has been provided.
 - a. The Valuations team will be unable to seek external valuation advice if all relevant information is not provided.
 - b. In the event that the valuation request is incomplete, the Valuations team will contact the requester requesting that they provide the remaining information.
4. The Valuations team will discuss urgent valuation requests with the Valuations Manager to determine if the timing is achievable.
 - a. In the event that the timing is not achievable, the Valuations team will notify the requester via email, outlining the reasons why the timing is not achievable.

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- b. The requester and Valuations team will negotiate a suitable timing for the request to be actioned.
 - i. Factors to be considered as part of the negotiation process could include: the volume and complexity of the request, available resources, current work demands, timing restrictions, and any other matter that is deemed relevant.
- 5. The Valuations team drafts a work order (using a valuation quote template for guidance) and forward to one or more members of the Whole of ACT Government’s Valuation Services Scheme panel through the ACT Government’s procurement portal.

Note: the number of request for valuation advice sought is dependent on the category of valuation request. The EPSDD Valuations policy lists five categories that may warrant valuation advice. They include: establishing a sale price; feasibility, due diligence expenditure and business case development; acquisition; land transfers from the Commonwealth Government; and land transfers within the ACT Government.

There are other categories, such as revenue forecasting, which are not listed in the EPSDD Valuations policy but would require the Agency to seek valuations advice.

- 6. The Valuations team logs into the Vendor Panel portal to seek quotes for valuation services.
 - a. When seeking valuation services, standard procurement practices and financial threshold requirements apply. As such, refer to the ACT Government Procurement and Capital Works Internet site for additional guidance on procurement matters.
 - b. Response timeframes to valuation quotes are based on the complexity and/ or volume of the request. The approximate response time, including assessment and approval of quotes by the appropriate delegate, is five (5) business days.
 - c. The Valuations team will assess the quote that is received from independent valuers. The Manager, Valuations, or the Valuations Project Manager will approve the quote before it can be adopted. However, in certain instances it may be more appropriate for the requesting area to assess quotes and seek approval to commit to expenditure from a delegate within their area of operations.

Ongoing liaison with independent valuers

When the Agency approves a valuation quote and the work commences on developing a valuation report, it is good practice for the business area requesting the valuation advice to continue liaising with the Valuations team and provide updated information as they become available. For example, in the case of a sale, this would generally involve activities such as forwarding addendums, questions and answers (Q&As), sales and marketing reports and key persons being available for briefings (both for the Valuations team and for the valuers) and making available additional information (that may not be disclosed to the public as part of the sale package) that may be requested by the Valuations team.

There may be a requirement for the requester/requesting area to verbally brief the valuers themselves. This applies in the case of complex valuation requests, which covers the vast majority of requests related to business case development and feasibility, and generally for valuations of urban infill or Brownfield sites to inform a reserve sale price. Greenfield sites are usually non-complex and do not require verbal briefings to valuers.

Providing this information to the Valuations team allows the Valuations team to brief the valuers on an ongoing basis as additional relevant information becomes available. This will ensure that the final valuation reports delivered by the valuers are complete and fit for purpose.

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Valuation Reports for purposes other than informing reserve sale prices

In these instances, the Valuations team reviews the report(s) to ensure that they are fit for purpose, for example, they are consistent with the instructions issued to the valuer, the methodology adopted is sound, and there are no significant errors. The Valuations team then forwards the report(s) on to the requester/requesting area.

Valuation reports for informing reserve sale prices or transfer values within the ACT Government

1. The Valuations team undertakes analysis on valuations received to recommend reserve sale price for the land.

a. This is to be guided by:

- i. the Land Transfer Memorandum of Understanding for land transfers between the Agency, EPSDD or other entities within the ACT Government; or
- ii. the Taskforce’s Price Setting Policy for requests received from the Taskforce; or
- iii. other relevant legislation as applicable to the valuation advice being sought.

Formulating a reserve price recommendation requires significant judgements and expertise. Ordinarily, the level of scrutiny that is to be applied when analysing valuation reports for a prescribed purpose is dependent on the variance between those reports. For example, a 10 to 15 percent price variance between reports is considered a rational benchmark. Variances outside 15 percent between two valuation reports may require the seeking of an additional valuation report, or a peer review of the two valuation reports by a third-party independent certified practicing valuer, to support further investigation. This may increase the overall time taken by the Valuations team to complete a valuation report analysis.

The analysis should also assist in establishing reasons for variance between valuation reports. Judgements should be applied to resolve identified variances and when considering all other applicable factors. Judgements are essential when making case-by-case recommendations on the potential market value of the land and on appropriate reserve sale prices.

Other important points to note as part of this process include the *Planning and Development Act 2007* requirement to sell land at a price that is not less than its market value. Financial delegates in the Agency, Authority or Taskforce are also required as part of their delegated authority to confirm that land prices are at or above the reserve price as approved by the relevant CEO before executing contracts for the sale of land.

2. The Valuations team is to put forward a reserve price recommendation through a brief to the relevant CEO for approval. The recommendation must take into account all factors as determined by the Manager, Valuations or in their absence, the Valuations Project Manager as relevant for the purpose of determining the value of the site.

a. The Valuations team Manager, or in their absence, the Valuations Project Manager are to approve all land valuation briefs to the relevant CEO.

b. The relevant CEO has a delegated authority to approve reserve prices, with a caveat that the recommended price put forward by the Valuations team is informed by at least two current market valuations.

c. The relevant CEO should approve a reserve price for land after consideration of the advice put forward by the Valuations team. The relevant CEO may accept the Valuations Manager, or in their absence, the Valuation Project Manager’s recommendation(s) and nominate the recommended reserve price(s), or nominate an alternative reserve price, or direct the Valuations team to conduct additional research and/or analysis prior to nominating a reserve price.

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3. For land sale briefs, the Valuations team is to provide the relevant CEO’s nominated reserve price, which is at Attachment A of the brief, to the requesting area and close the request.
 - a. The valuations brief sets out the reasons for recommending the specific price. It is classified as *Commercial-In-Confidence* and upon request, are sometimes provided to business areas requesting valuations advice. However, it is not standard practice to do so.
 - b. Attachment A of the valuations brief sets out the reserve price(s) as recommended by the Valuations team and indicates whether the relevant CEO nominated the recommended reserve price(s) or nominated an alternative reserve price.

Market Appraisals

These involve a high level, desktop opinion which are prompted through a request to the Valuations team to provide market appraisal on the potential market value of land. This information is largely used for internal forecasting purposes to inform budget revenue estimates.

A minimum of 20 business days is required for the Valuations team to fully process market appraisal requests. This timeframe is largely dependent on the complexity of the request. As part of conducting a market appraisal, the Valuations team may, in some circumstances, recommend that a formal valuation be sought. This would require 25 to 30 business days.

It is to be noted that the Agency’s Valuations team are not certified practicing valuers. As such, market appraisals are only appropriate in very limited circumstances and all land transactions have to be supported by formal, independent advice from certified practicing valuers.

The following steps are to be completed when seeking market appraisals:

1. Requester is to send an email to the Valuations team through the Valuations team’s email address: suburbanland.valuations@act.gov.au seeking advice on potential market value of land.
 - a. The *Request for Valuation* template on the Agency’s Intranet is to be used to provide information for this request. The information provided should be similar to when formal valuation advice is being sought.
2. The Valuations team acknowledges receipt of request for market appraisal by replying to the requesting email within two business days.
3. The Valuations team is to then review the request and undertake a market appraisal analysis:
 - a. This is done by seeking the Valuations team Manager or in their absence, the Valuations Project Manager’s guidance and adopting previous valuation advice sought for land of similar characteristics. There are a range of factors and judgement that are factored in conducting market appraisal analysis.
 - b. The Valuations team strongly recommends that requests for market appraisals to be limited to non-complex sites located within the Agency, Authority or Taskforce, Greenfields and Urban Brownfield development projects only. These are the only classes of sites for which the Agency holds sufficient data to allow the Valuations team to provide a reasonably reliable market appraisal. The Agency generally does not hold sufficient data to support market appraisals of other site classes, such as Urban Infill sites.
4. At the conclusion of the market appraisal, the Valuation team advises the requester accordingly and closes the request.

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5.0 Records Management

Appropriate records management should be implemented in accordance with the *Territory Records Act 2002*.

6.0 Review

This procedure will be reviewed as required to ensure relevance and recency.

7.0 Related Legislation, Policies and Standards

- *Planning and Development Act 2007*
- *Land Acquisition Act 1994*
- *Territory Records Act 2002*
- *City Renewal Authority and Suburban Land Agency Act 2017*
- *City Renewal Authority and Suburban Land Agency (CRA Financial) Delegation 2017*
- *City Renewal Authority and Suburban Land Agency (SLA Financial) Delegation 2017 (No 3)*
- Land Transfer Memorandum of Understanding between the Agency and EPSDD
- Australian and New Zealand Valuation and Property Standards
- International Valuation Standards
- Valuation Standards of the Australian Property Institute
- EPSDD Valuations Policy
- Valuations and Price Setting Policy – Loose Fill Asbestos Effected Homes for Resale
- Territory Valuation Services Scheme (VSS) Conditions

Definition of Terms

The following definitions are relevant for the purpose of this procedure.

Complete valuations request: as a minimum, includes but is not limited to the exact information that the Agency would provide to a prospective buyer. May also include additional information, for example, highlighting relevant planning controls, draft copies of Territory Plan Variations, etc.

Complex site: for the purpose of valuation, means a site that would probably include multiple primary mandatory uses, including the potential requirement for capital works (offsite works), handback sites to the Government, heritage issues and/or a requirement to deliver on a Government initiative. An example of a complex site is an Asset Recycling Initiative site.

Land: designated area that includes all items forming part of the land. This includes improvements such as office buildings, houses, infrastructure, fencing and dams, where those improvements form part of the sale of the land. Where there is intention to demolish or remove existing improvements prior to the sale or settlement of land, valuers are generally instructed to disregard the presence of improvements when completing their valuations.

Land transactions: for the purpose of valuation, means the activities that would require valuation advice to be sought. These activities include but are not limited to establishing a sale price; feasibility, due diligence expenditure and business case development; acquisition; land transfers to/from the Commonwealth Government and within the ACT Government.

Large volume valuation request: one hundred (100) blocks of single residential dwellings or more being offered at one or more events over a short period of time. As an example, seventy five (75) blocks offered by ballot and twenty five (25) blocks by auction held within days or weeks of each other. This could also mean four (4) or more multi-unit sites or a combination of multi-unit sites and single residential blocks (packaged as lots or sold individually).

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Market assessment advice: where the Valuations team are not able to provide sufficient information to valuers for the provision of valuation services that meet the relevant professional standards (for example, the International Valuation Standards and the Valuation Standards of the Australian Property Institute), valuers, in some instances, may decline to provide formal valuation advice and instead provide market assessment advice.

Market valuations: the *Planning and Development Act 2007* requires the Agency, Authority or Taskforce to sell land for a price that is not less than its market value. The financial delegations of the Agency and Authority prevent delegates from approving land sales for a price that is less than the approved reserve price. The delegations provide the CEO with the authority to approve reserve prices, with a caveat that the price to be informed by at least two current market valuations.

Non-complex site: one single residential block, or one Greenfield multi-unit site with no special conditions attached to the sale.

Valuations quotes sought from valuers: This involves seeking quotes from independent external valuers. The number of quotes sought is dependent factors that include the estimated cost of the services (as per ACT Government procurement rules and guidelines), the nature of the services sought, availability of panel members (as the Valuations team generally contact suppliers in advance of issuing requests for quote, to ensure their availability and capacity to complete the request).

Document Governance

Position/Business Area/Committee	Role	Responsibility
Chief Financial Officer	Document approver	Approving authority
Valuations Manager	Document sponsor	Authorising the procedure
Finance Policy Manager	Document Custodian	Drafting the procedure

Version history

The following table details the published date and amendment details for this document.

Version	Date	Amendment details
1.0	02/2019	First publication of this procedure.

Attachments

Attachment A: The *Request for Valuations* template. This is found on the Agency's Intranet or by contacting the Valuations team.

Attachment B: Valuations process flow chart. This is found on the Agency's Intranet.

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