

Policy number	Governance will provide the policy number Policy 221
Policy title	Strategic Management of Land and Building Assets
Strategic outcomes supported	<p>EC1-EC1 – A desirable place for commerce and tourism that support equity, diverse local employment and entrepreneurship.</p> <p>EN1-EN1 – Land use planning that puts people first in urban design, allows for different housing options for people with different housing needs and enhances the Town’s character.</p> <p>CL4-CL4 – Appropriate information management that is easily accessible, accurate and reliable.</p> <p>CL6-CL6 – Finances are managed appropriately, sustainably and transparently for the benefit of the community.</p> <p>CL8-CL8 – Visionary civic leadership with sound and accountable governance that reflects objective accountable governance that reflects objective decision making.</p>

Policy objective:

1. To provide a policy framework through which the Town of Victoria Park can consider its freehold and vested reserve land and Town controlled property assets and make decisions, using a systematic informed approached, with respect to the management, retention, disposal or acquisition of such assets, ~~or a combination thereof~~.
2. To align and facilitate the delivery of the Land Asset Optimisation Strategy recommendations.
3. To ensure that decisions made in relation to the use of Town of Victoria Park land ~~property and building~~ assets ensure maximum return to the Town be either realizing a commercial level of financial return or by fulfilling a community benefit aligned to the vision of the Town of Victoria Park.
4. To create greater revenue from current and potential land, property and facility holdings to reduce reliance on rates for income.

Policy scope:

This Policy applies to all land and ~~property building~~ assets owned or controlled by the Town of Victoria Park.

~~This Policy provides a framework to guide Council in the effective management of its land and property assets with the view to increasing the future economic capacity of the Town of Victoria Park and assisting the delivery of Objectives outlined in the Strategic Community Plan.~~

~~Specifically the Town’s land and property assets will be used to achieve the following:~~

- ~~• Delivery of strategic projects as identified in the Strategic Community Plan and 4 Year Corporate Business Plan;~~
- ~~• Facilitation of environmental, economic and social benefits to the Community;~~
- ~~• Stimulation and regeneration of areas within the Town of Victoria Park;~~
- ~~• Where appropriate enable the adoption of a commercial approach to the management of the land property assets capable of producing an income; and~~
- ~~• Development of a non-operational land and property assets that will facilitate additional income streams for the Town.~~

Policy definitions:

~~In applying the Scope and Principles of this Policy, the Council will categorise all land and property assets in accordance with the following established Definitions for the purpose of consistency, risk management and performance outcomes: Nil.~~

~~**Surplus properties:** Surplus properties are considered to be of no benefit to either the community through the delivery of services or to the Town as part of a more strategic land holding, part of a land bank of property assets or for any other purpose. i.e. surplus to requirements.~~

~~**Civic properties:** Civic properties are used for the delivery of services provided by the Town to the Community. These properties differentiate from Public Open Space and Other Reserves in that they may be held in freehold title by the Town.~~

~~**Commercial properties:** Commercial properties are held by the Town purely for the commercial return provided through the lease of the property to other entities. Such properties are not anticipated to provide services to the community but will yield an appropriate rate of return (on the capital value of the property) as a commercial proposition subject to appropriate levels of risk as determined by the Town.~~

~~**Investment properties:** Investment properties differ from Commercial Properties in that they have the potential to contribute towards the achievement of broader planning, social or strategic objectives of the Town. Whilst such properties may include a commercial undertaking, subject to a commercial agreement between a third party and the Town, the purpose of the Town's ownership of the property is as a contributory factor towards other outcomes rather than purely for commercial returns on the property investment. i.e. Urban Renewal Projects.~~

~~**Residential properties:** Residential properties are designed to provide residential facilities only. Such properties may be provided directly by the Town to the end user, or as part of an agreement with another agency or residential service provider.~~

~~**Utility properties:** Utility properties are used to deliver utility services such as drainage or other key utility functions. The delivery of utility services should be subject to review to ensure that the location from which the service is being delivered is suitable, the need for the utility service can be validated and the tenure of the property does not result in the Town having a significant value of freehold assets set aside for such uses with little opportunity to realise the value of these assets at any time in the future.~~

~~**Public Open Space and Other Reserves:** Public Open Space and others reserved properties are most often held as reserves vested in the care, control and management of the Town. Such properties may provide an active service but may also include properties that have little activation but provide other tangible community benefits through environmental protection or community recreational amenity.~~

Commented [JM1]: These have not been deleted but shifted into the Property Classification section Clause 6, this is more appropriate location in the Policy.

Policy statement:

- ~~1. This Policy provides a framework to guide Council in the effective management of its land and property/building assets with the view to increasing the future economic capacity of the Town of Victoria Park and assisting the delivery of Objectives outlined in the Strategic Community Plan.~~

2. Specifically the Town's land and propertybuilding assets will be used to achieve the following:
 - a. Delivery and execution of the Town's service requirements to the community.
 - b. Delivery of strategic projects as identified in the Strategic Community Plan and 4-Year Corporate Business Plan;
 - c. Facilitation of environmental, economic and social benefits to the Community;
 - d. Stimulation and regeneration of areas within the Town of Victoria Park;
 - e. Where appropriate enable the adoption of a commercial approach to the management of the land property assets capable of producing an income; and
 - f. DevelopmentExpansion of a a non-operational land and propertybuilding asset s thatbase that will facilitate additional income streams for the Town.
3. The Council is committed to a consistent, rational and sustainable management of the Town of Victoria Park's property portfolio. To ensure that every land and building asset owned or controlled by the Town contributes value to the community through revenue generation or services delivered.
4. Land and building assets are one of the largest asset groups owned or controlled by Council. It is recognized that the development of such assets and realising their full potential for income generation is a complicated and complex process, involving detailed financial modelling, commercial negotiations and market analysis in order to achieve the best possible result.

Principles:

5. The Council will manage its property land and building assets with the view to in line with the following principles:
 - a. Increase the Town's financial capacity.
 - b.
 - (1) Increase the Town's social, economic and environmental sustainability.
 - c.
 - (2) Increase the Town's financial capacity
 - d.
 - (3) Providing essential services and facilities.
 - e.
 - (4) Actively administer the Town's property portfolio as an asset class including prudent acquisition, investment, management and divestment; and
 - f.
 - (5) Developing and managing an investment portfolio capable of providing intergenerational equity by delivering long term income generation financial, social and/or environmental value to the community.
 - g.
 - (6) The Town's preferred tenure model is to use vested reserves for on-going community services, and use freehold land for income generation opportunities.
 - h.
 - (7) Land and building assets will be prudently managed to provide financial sustainability to enable Council to be less dependent on rate revenue and support the vision of the Town of Victoria Park.
 - i.
 - (8) All land assets controlled by the Town deliver financial, economic, social or environmental values consistent with the highest and best use of the land for the benefit of the community.

Commented [JM2]: Additional principles added to capture the financial characteristics of land and the management from a portfolio perspective. Some key land economics fundamentals have also been added specifically for vest reserves to be used for on-going community services as opposed to freehold land, this is due to the economics of land appreciation over time.

Property Classifications:

6. The Town's property portfolio consists of approximately ~~51200~~ properties -comprising both vested reserves and freehold land holdings. In order to guide strategic decision making the land and property assets will be classified into different groups as outlined below. These classifications are being utilised in both the Leasing Management Practice and the Asset Management System to provide a coordinated approach. The land and the building can sometimes have a different classification.
- a. **Surplus properties:** Surplus properties are considered to be of no benefit to either the community through the delivery of services or to the Town as part of a more strategic land holding, part of a land bank of property assets or for any other purpose. i.e. surplus to requirements.
 - b. **Civic/Community properties:** Civic properties are used for the delivery of services provided by the Town to the Community. These properties differentiate from Public Open Space and Other Reserves in that they may be held in freehold title by the Town.
 - c. **Commercial properties:** Commercial properties are held by the Town purely for the commercial return provided through the lease of the property to other entities. Such properties are not anticipated to provide services to the community but will yield an appropriate rate of return (on the capital value of the property) as a commercial proposition subject to appropriate levels of risk as determined by the Town.
 - d. **Strategic Investment properties:** Investment properties differ from Commercial Properties in that they have the potential to contribute towards the achievement of broader planning, social or strategic objectives of the Town. Whilst such properties may include a commercial undertaking, subject to a commercial agreement between a third party and the Town, the purpose of the Town's ownership of the property is as a contributory factor towards other outcomes rather than purely for commercial returns on the property investment. i.e. Urban Renewal Projects.
 - e. **Residential properties:** Residential properties are designed to provide residential facilities only. Such properties may be provided directly by the Town to the end user, or as part of an agreement with another agency or residential service provider.
 - f. **Utility properties:** Utility properties are used to deliver utility services such as drainage or other key utility functions. The delivery of utility services should be subject to review to ensure that the location from which the service is being delivered is suitable, the need for the utility service can be validated and the tenure of the property does not result in the Town having a significant value of freehold assets set aside for such uses with little opportunity to realise the value of these assets at any time in the future.
 - g. **Public Open Space and Other Reserves:** Public Open Space and others reserved properties are most often held as reserves vested in the care, control and management of the Town. Such properties may provide an active service but may also include properties that have little activation but provide other tangible community benefits through environmental protection or community recreational amenity.
7. In some instances a property may be assigned a split classification if the Property has several distinct uses and falls into two or more prescribed classes. For example, commercial and community space might be combined in one building. In these cases as assessment by the Property Development Manager shall determine whether the property has more than one use.

Commented [JM3]: Community has been added

Commented [JM4]: The word Strategic has been added, this helps clarify the difference this would for example relate to the acquisition of the caryard on Albany Hwy which may not provide a good commercial yield but will form part of a greater strategic outcome for the Town.

Commented [LO5]: I would just merge civic/utility and POS together.

Use of Proceeds:

8. ~~The proceeds from the effective management of Council land and property-building assets will be allocated in alignment with their classification as follows:~~
- ~~a. Surplus properties – Allocated to the Land Optimisation Reserve~~
 - ~~b. Civic/Community properties – Allocated to the specific budget area~~
 - ~~c. Commercial properties – Allocate the profits after income and expenses of the property to the Land Optimisation Reserve.~~
 - ~~d. Strategic Investment properties - Allocate the profits after income and expenses of the property to the Land Optimisation Reserve.~~
 - ~~e. Residential properties - Allocate the profits after income and expenses of the property to the Land Optimisation Reserve.~~
 - ~~f. Utility properties - Allocated to the specific budget area~~
 - ~~g. Public Open Space and Other Reserve – Allocated to the specific budget area~~
 - ~~(1)h. Or as determined by Council, are to be used in the delivery of essential services, facilities and projects which provide for a community benefit.~~
- (2) ~~The allocation of such proceeds will have due regard to the Council's Strategic Community Plan, Corporate Business Plan, Long Term Financial Plan and relevant Policies.~~
- (3) ~~9. The Council will consider the use of funds in the development of its land and property-building assets where an appropriate community, social, environmental or economic benefit can be demonstrated once a Business Case has been developed for Council consideration.~~
- (4) ~~The proceeds derived from the application of this Policy will be allocated in accordance with the prevailing Financial Management Policies of the Council and in accordance with any Reserve Fund established for that purpose. The Town will maintain a Land Optimisation Reserve account to enable it to take advantage of property opportunities.~~

Commented [LO6]: I think it would be easier to say the income and expenses, so if theres a loss, you have to eat your losses as well.

Commented [LO7]: Well that wouldn't be true you'd want that to be a matter for frank to maintain his own sumps no?

Commented [LO8]: Delete this is contradicts the above as you've set out the allocation.

Commented [LO9]: Similar again delete this as the clause below deals with it.

Commented [JM10]: The changes in the Use of Proceeds clause provides greater guidance and allows a portfolio approach for the land and building asset of the Town.

Application of Policy:

10. In applying this Policy, the Council will:
- 2. Ensure all statutory and applicable governance requirements required by the *Local Government Act 1995*, associated Regulations and any other applicable legislation are adhered to.
 - a.
 - 3. Ensure that this Policy complies with all other relevant Council Policies and practices.
 - b.
 - 4.c. Ensure that suitable community engagement is undertaken as a fundamental component of any proposal to dispose of land and property assets in accordance with the *Local Government Act 1995*.

Acquisition and disposal of land and property-building assets:

11. The Council will only consider the acquisition, ~~and disposal sale, joint venture, development agreement, or long term ground leaseing, or other deal structure~~ of land and ~~propertybuilding~~ assets after the following steps have been taken:
- 2. A thorough *Business Case* analysis of applicable financial, social and/or environmental benefits, undertaken in accordance with the *Land Asset Optimisation Strategy and/or* established Procedure ~~and Policy, or any other endorsed template or methodology.~~
 - a.
 - b. Consideration has been given to the disposal of land and property by means of auction, tender or private treaty dependent upon the specific circumstances of the proposed disposal and in accordance with the provisions of the *Local Government Act 1995*.

Commented [LO11]: You only care about sale here, not short term leasing no?

~~3. The acquisition or disposal follows a strategic approach to all land and property building assets owned or controlled by the Town of Victoria Park.~~

~~4. The acquisition or disposal may be undertaken on a case by case basis in line with the Land Asset Optimisation Strategy recommendation for that property in preference to considering properties only on a case by case basis.~~

~~c.~~

~~d.~~

~~5. Appropriate risk management strategies have been applied in accordance with any adopted Risk Management Policy~~

~~e. Appropriate risk management strategies have been applied in accordance with any adopted Risk Management Policy~~

~~authorises and other employees authorised by them~~

12. The Council authorises the Chief Executive Officer to investigate all properties considered strategic investment properties and to make an offer subject to an independent valuation, due diligence and a report to Council for approval for acquisition in line with the considerations outlined in clause 12 and in alignment with the *Local Government Act 1995*.

13. The authorisation given in clause 12 is subject to:

- a. The preparation of a business case relating to the acquisition;
- b. There being sufficient funds available in the Land Asset Optimisation Strategy Reserve Fund or Future Fund; and
- c. An appropriate environmental and building assessment being undertaken to identify any relevant risks associated with the property.

Commented [JM12]: This clause is to allow the proactive a pragmatic ability to make acquisitions which a strategic nature, this allow the Town to have flexibility in a commercial environment, ultimately approval still rests with the Council.

Property Portfolio Performance Management:

~~14. The Council will give consideration to the establishment of a Business Plan and specific performance management indicators outlined in the Strategic Management of Land and Property Assets Management Practice and the development of a specific Property Investment Policy. The Council will adopt performance indicators relating to its property investments to guide its property portfolio and asset management and development.~~

15. Such performance management indicators will provide the means by which the performance of land and property assets can be monitored and reported to the community and will enable the Council to consider acquisitions and disposals of land and property assets cognisant of these indicators and the benefit or ~~dis~~ **benefit consequences** such acquisitions and disposals may generate.

Policy sub-sub heading

Related documents

[Local Government Act 1995 \(WA\)](#)

[Land Administration Act](#)

[Policy 310 Leasing](#)

[Policy 222 Asset Management – Infrastructure](#)

Insert links to any related acts, regulations, local laws, policies or management practices.

Responsible officers	<i>Insert officers empowered to carry out this policy.</i>
Policy manager	<i>Insert the chief or manager to oversee and manage this policy.</i> Property Development Manager
Approval authority	Council
Next evaluation date	<i>This will be set by Governance</i>

Revision history

Version	Action	Date	Authority	Resolution number	Report number
1	Adopted		Council		

Schedule 1

Policy schedules should only be used very rarely to set out matters that cannot be easily included in a policy statement but also cannot go into a management practice. An example could be a flow chart relating to a policy.