

Policy number	Policy 221
Policy title	Strategic management of land and building assets
Strategic outcomes supported	<p>EC1 – Facilitating a strong local economy.</p> <p>EN1 – Protecting and enhancing the natural environment.</p> <p>EN4 - Providing facilities that are well-built and well-maintained.</p> <p>CL1 – Effectively managing resources and performance</p> <p>CL3 – Accountability and good governance.</p>

Policy objective:

1. To provide a policy framework for the Town of Victoria Park to consider its freehold, vested reserve land, and Town controlled property assets and make decisions with respect to the management, retention, disposal or acquisition of such assets.
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 and building assets ensure maximum return to the Town by 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.
5. To provide a framework for income raised from land and building assets to be allocated to investment, upkeep and renewal of land and building assets.

Policy scope:

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

Policy definitions:

Nil.

Policy statement:

1. This Policy is to guide Council in the effective management of its land and building assets with the view to increasing the future economic capacity of the Town of Victoria Park and assisting the delivery of the objectives of the Strategic Community Plan.
2. The Town’s land and building assets will be used to achieve the following:
 - a. Delivery of the Town’s services to the community;
 - b. Delivery of strategic projects as identified in the Strategic Community Plan and 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. Commercial income generation; and
 - f. Expansion of a land and building asset base to create 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 land and building assets in line with the following principles:
 - a. Increase the Town's financial capacity.
 - b. Increase the Town's social, economic and environmental sustainability.
 - c. Providing essential services and facilities.
 - d. Actively administer the Town's property portfolio as an asset class including prudent acquisition, investment, management and divestment.
 - e. Developing and managing an investment portfolio capable of providing intergenerational equity by delivering long term financial, social and/or environmental value to the community.
 - f. The Town's preferred tenure model is to use vested reserves for on-going community services, and use freehold land for income generation opportunities.
 - g. 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.
 - h. 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.

Property Classifications:

6. The Town's property portfolio consists of approximately 500 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. .
 - a. **Surplus properties:** 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:** used for the delivery of services provided by the Town to the Community. These are generally developed with significant buildings or structures.
 - c. **Commercial properties:** held by the Town for the commercial return from leasing the property to a third party. Such properties may also (but will not necessarily) 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:** 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 to promote other outcomes rather than purely 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:** Generally publicly accessible and may be unimproved or improved with facilities. May include properties that have little activation but provide other tangible community benefits through environmental protection or community recreational amenity.
 - h. **Green Infrastructure:** Property the whole or part of which has been identified (so far as it is considered reasonable and practicable by the Manager Property Development and Leasing) to possess significant characteristics by way of the soil, water, drainage, trees, vegetation or other natural or semi natural attributes that may offer substantial benefits to the environment and climatic challenges.
7. A split classification may be assigned by the Manager Property Development and Leasing if the Property has several distinct uses and falls into two or more classifications. For example, commercial and community space might be combined in one building.

Use of Proceeds:

8. The proceeds from Council land and building assets will (subject to any applicable legal or statutory requirements) be allocated in alignment with their classification:
 - 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

Or as determined by Council.

9. Where appropriate, a reasonable proportion of income from a property will be allocated to the building renewal reserve having regard to budgeted asset renewal demand.
10. The Town will maintain a Land Optimisation Reserve account to enable it to take advantage of property opportunities.

Application of Policy:

11. In applying this Policy, the Council will:
 - a. Ensure all statutory and applicable governance requirements required by the *Local Government Act 1995*, associated Regulations and any other applicable legislation are adhered to.
 - b. Ensure that this Policy complies with all other relevant Council Policies and practices.
 - 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 building assets:

12. The Council will only consider the acquisition, sale, joint venture, development agreement, lease, or other deal structure of land and building assets after the following steps have been taken:
 - a. 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.
 - 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*.
 - c. The acquisition or disposal is in line with a strategic consideration.
 - d. 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.
 - e. Appropriate risk management strategies have been applied in accordance with any adopted Risk Management Policy
13. The Council authorises the Chief Executive Officer to investigate all properties considered as potential 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*.
14. The authorisation given in clause 13 is subject to:
 - a. The preparation of a business case relating to the acquisition;
 - b. There being sufficient funds available in the Land Optimisation Reserve Fund or Future Fund; and
 - c. An appropriate environmental and building assessment being undertaken to identify any relevant risks associated with the property.

Property Portfolio Performance Management:

15. The Council will adopt performance indicators relating to its property investments to guide its property portfolio and asset management and development.
16. 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 consequences such acquisitions and disposals may generate.

Related documents

[Local Government Act 1995](#)

[Land Administration Act 1997](#)

[Policy 310 Leasing](#)

[Policy 222 – Asset Management](#)

Responsible officers	
Policy manager	Manager Property Development and Leasing
Approval authority	Council
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Revision history

Version	Action	Date	Authority	Resolution number	Report number
1	Adopted	16/06/2020	Council	437/2020	Item 15.3
2	Reviewed and amended	12/04/2022	Council	73/2022	Item 15.5
3	Reviewed and amended	21/05/2022	Council	84/2024	Item 11.3

