

<b>12.2 ADVERTISING OF NEW POLICY - PROPERTY INVESTMENT AND DISPOSAL POLICY</b>
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**Attachments:**           1.     **Draft Policy Investment and Disposal Policy**

**RECOMMENDATION**

**That Council APPROVES the proposed Property Investment and Disposal Policy, at Attachment 1, for the purpose of community consultation.**

**PURPOSE OF REPORT:**

For Council to approve, for the purpose of community consultation, the new Property Investment and Disposal Policy as detailed at **Attachment 1**.

**BACKGROUND:**

The requirement of provisions outlined in clause 1.3 of the Policy Development and Review Policy were presented to Council Members through the monthly Policy Paper in June 2023.

Council at its meeting on 17 November 2020 resolved to adopt the Property Management Framework (Framework) to ensure any City owned and managed properties that are leased or licenced are managed in a consistent, fair and transparent manner. The Framework established an equitable methodology for calculating tenancy fees and a set of terms and conditions according to the classification of tenants.

The Framework and associated Property Management Policy adopted on 17 November 2020, do not incorporate any provisions in relation to the strategic investment, management, acquisition and/or disposal of City owned and controlled land and/or assets.

**DETAILS:**

The Policy aims to provide a framework to:

1. Maximise the performance of the City's Property Portfolio and ensure that the acquisition, management, capital investment and disposal of property:
  - (a) is consistent, transparent and compliant;
  - (b) makes best use of the City's Property Portfolio; and
  - (c) leverages the City's Property Portfolio in the pursuit of the community aspirations as contained within the Strategic Community Plan and Corporate Business Plan.
2. Support the City in maintaining a property portfolio that is resilient to changes in market conditions and generates a diversified revenue to ensure the long-term best interests of the community; and
3. Ensure that the acquisition and disposal of property is undertaken in an open market format to ensure due probity of process and optimal financial return within an acceptable level of risk.

Definitions: The definitions below apply to this Policy only.	
City's Property Portfolio	Includes all freehold land owned by the City either vacant or developed with infrastructure (except property which is an 'otherwise unvested facility' within section 3.53 of the <i>Local Government Act 1995</i> ).
Strategic Property Management	Acquisition, management, capital investment and disposal of City's Property Portfolio.

**CONSULTATION/ADVERTISING:**

In accordance with the City's Community and Stakeholder Engagement Policy, community consultation of all new and significantly amended policies must be provided for a period exceeding 21 days in the following ways:

- notice published on the City's website;
- notice posted to the City's social media;
- notice published in the local newspapers; and
- notice exhibited on the notice board at the City's Administration and Library and Local History Centre.

Public notice of this proposed new policy will be provided following endorsement from Council to advertise.

**LEGAL/POLICY:**

- Section 2.7(2)(b) of the *Local Government Act 1995* provides Council with the power to determine policies.
- The City's Property Management Policy.
- The City's Policy Development and Review Policy sets out the process for the development and review of the City's policy documents.

**RISK MANAGEMENT IMPLICATIONS:**

Low: It is low risk for Council to undertake community consultation of the proposed Property Investment and Disposal policy.

**STRATEGIC IMPLICATIONS:**

This is in keeping with the City's *Strategic Community Plan 2022-2032*:

Connected and Healthy Community

*Our community facilities and spaces are well known and well used.*

Thriving Places

*Efficiently managed and maintained City assets in the public realm.*

Sensitive Design

*Our built form character and heritage is protected and enhanced.*

Innovative and Accountable

*Our decision-making process is consistent and transparent, and decisions are aligned to our strategic direction.*

**FINANCIAL/BUDGET IMPLICATIONS:**

The Policy would better equip Administration to make guided and informed decisions on each Strategic Property Management and encourage achieving the 'highest and best use' of the City's Property Portfolio.

**COMMENTS:**

The Policy would inform, guide and equip Administration when undertaking any Strategic Property Management of the City's Property Portfolio and aims to primarily assist with:

- providing clarity of the City's overarching management, investment and disposal strategies;
- investigating potentials and opportunity costs of each Strategic Property Management;
- preparing business cases;
- maximising and allocating profits efficiently;
- managing strategic and emerging issues; and
- responding to changes in the economy, community expectation and/or consumer demand.



# PROPERTY INVESTMENT AND DISPOSAL POLICY

<b>Legislation / local law requirements</b>	<i>Local Government Act 1995</i> <i>Local Government (Functions and General) Regulations 1996</i> <i>Transfer of Land Act 1893 (WA)</i> <i>Land Administration Act 1997 (WA)</i>
<b>Relevant delegations</b>	2.2.17 Disposing of Property
<b>Related policies, procedures and supporting documentation</b>	Property Management Policy Risk Management Policy Corporate Business Plan Strategic Community Plan Long Term Financial Plan Asset Management Strategy Local Planning Scheme No. 2 and relevant planning policies

## PRELIMINARY

### INTRODUCTION

The City of Vincent owns and controls various land assets within the district, some of which, have the potential to secure the optimum use of those assets and to achieve positive long term planning, economic and environmental outcomes for the City.

### PURPOSE

The purpose of this policy is to provide a framework for the Strategic Property Management of the City's Property Portfolio.

### OBJECTIVE

The objective of the Policy is to provide a framework to facilitate the effective and strategic management of the City's Property Portfolio by:

1. Maximising the performance of the City's Property Portfolio and ensuring that the acquisition, management, capital investment, development and/or disposal of property:
  - (a) is consistent, transparent and compliant;
  - (b) makes best use of the City's Property Portfolio; and
  - (c) leverages the City's Property Portfolio in the pursuit of the community aspirations as contained within the Strategic Community Plan and Corporate Business Plan.
2. Maintaining a property portfolio that is resilient to changes in market conditions and generates a diversified revenue to ensure the long-term best interests of the community; and
3. Ensuring that the acquisition and disposal of property is undertaken in an open market format to ensure due probity of process and optimal financial return within an acceptable level of risk.



# PROPERTY INVESTMENT AND DISPOSAL POLICY

## SCOPE

The Policy applies to the decision making of all transactions related to the City's Property Portfolio, including acquisition, management, capital investment, development and disposal.

The Policy does not apply to Crown Land where the use or development of the land by the City must be consistent with the relevant Management Order or other basis for the City's control of the land.

## POLICY PROVISIONS

### 1. DEFINITIONS

#### 1.1 GENERAL DEFINITIONS

<b>City's Property Portfolio</b>	<i>Includes all freehold land (owned in fee simple) either vacant or developed with infrastructure except property which is an 'otherwise unvested facility' within section 3.53 of the Local Government Act 1995).</i>
<b>Crown Land</b>	<i>Land owned by the State of Western Australia, vested to the City under a Management Order, or otherwise, under the care, control and management of the City.</i>
<b>Future Development Potential</b>	<i>Future potential of the whole or any part of a Property to be developed, redeveloped, improved, altered, repurposed or demolished for the construction of new buildings, to increase income generation, stimulate economic or population growth and/or provide community infrastructure or facilities for the City in the pursuit of the community aspirations contained within the Strategic Community Plan and/or Corporate Business Plan.</i>
<b>Property</b>	<i>The whole or any part of a parcel of land and/or all buildings, structures and improvements located thereon that forms part of the City's Property Portfolio.</i>
<b>Strategic Property Management</b>	<i>Acquisition, management, capital investment, development and disposal of City's Property Portfolio.</i>

### 2. KEY PRINCIPLES FOR STRATEGIC PROPERTY MANAGEMENT

The City will assess and make determinations on Strategic Property Management opportunities on a case-by-case basis having regard to the objectives of the Policy and the following principles as they are relevant to the opportunity. The list of principles is not ranked in order of priority:

- Alignment with current or future service delivery outcomes identified in the Strategic Community Plan or Corporate Business Plan.

# PROPERTY INVESTMENT AND DISPOSAL POLICY



- Financial return or Future Development Potential including long term yield on property investment and positive economic development outcomes.
- Contribution to economic, environmental or community benefit to the City of Vincent district.
- Compliance with statutory requirements in particular the requirements of the *Local Government Act 1995*.
- Fair and equitable.

## 2.1 Disposal Guidelines

In addition to the key principles, the following matters may be taken into consideration (although not exhaustive) when disposing of the City's Property Portfolio:

- The land is identified in a Council adopted strategy, budget, analysis, policy or planning scheme as being surplus to its requirements or not required to be owned by Council
- The sale price would be equal or more than the current market value assessed by a licensed valuer, unless Council can justify the circumstances to sell the land at less than market value;
- Matters affecting the land:
  - any proposed sale or lease of Public Open Space (POS) would be subject to an assessment of the demand, supply, quality and quantity of POS in the vicinity;
  - undertake due diligence including confirmation of land boundaries, encroachments on the land, planning and appropriate zoning, before the disposal transaction is commenced;
  - due regard to environmental constraints or requirements that may apply to the land. Duty to manage risks of harm and notify the relevant agencies;
  - consideration of conservation values including historical, cultural, heritage and native title and Traditional Owners/Custodians of the land rights. Consultation with relevant agencies;
  - long term lease options with income generating opportunities and service to the community,
  - risk considerations and if the land presents unacceptable risks which are too great to proceed with the transaction.

## 2.2 Acquisition Guidelines

In addition to the key principles, the following guidelines may be taken into consideration (although not exhaustive) when acquiring land:

# PROPERTY INVESTMENT AND DISPOSAL POLICY



- Identified in a Council adopted strategy, budget, analysis, policy or planning scheme as being a required asset for financial reasons, economic development reasons and/or to support or facilitate the delivery of a service within the City's strategic objectives
- Offer based on up-to-date market valuation assessed by a licensed valuer
- Building asset condition and maintenance considerations
- Matters affecting the land:
  - any proposed sale or lease of Public Open Space (POS) would be subject to an assessment of the demand, supply, quality and quantity of POS in the vicinity.
  - undertake due diligence including confirmation of land boundaries, encroachments on the land, planning and appropriate zoning, before the disposal transaction is commenced;
  - due regard to environmental constraints or requirements that may apply to the land.
  - consideration of conservation values including historical, cultural, heritage and native title and Traditional Owners/Custodians of the land rights. Consultation with relevant agencies.
  - risk considerations and if the land presents unacceptable risks which are too great to proceed with the transaction.

### 3 Council Resolution and Statutory Compliance

In accordance with the provisions of the *Local Government Act 1995* (LGA) and the corresponding regulations including but not limited to s 3.58 of LGA on disposing of property, the following will apply:

#### 3.1 Disposal

A decision of Council is required for approval to commence the statutory process to effect and negotiate the sale of the City's Property Portfolio and for a final decision on the proposed sale after the completion of the statutory process.

#### 3.2 Acquisition

Where a land assessment review has been completed and it has been determined that the land should be acquired, a decision by Council is required for approval to commence the acquisition process, negotiate the acquisition terms and to consider how to fund the proposed acquisition.

### 4 Proceeds of Sale

Proceeds of sale from disposal of the City's Property Portfolio will generally be allocated to the City's Municipal Account unless otherwise directed by Council or set out in the annual budget.



# PROPERTY INVESTMENT AND DISPOSAL POLICY

## 5 Major Land Investments

Any major land transactions which strategically represent major investment opportunities/proposals for the City, are dealt with outside the Policy given they involve a variety of strategic investment and operational considerations.

## 6 Unsolicited offers

- 6.1 Where an organisation or individual intends to make an unsolicited offer to purchase any one of the City’s Property Portfolio, it must present an official written offer, addressed to the Chief Executive Officer.
- 6.2 Such a request must be signed by that person or a person who is an authorised officer of the organisation, and forwarded to the Executive Manager Corporate Strategy and Governance.
- 6.3 Details of the offer will be presented by the Executive Manager Corporate Strategy and Governance to the Executive Director, Strategy and Development or the Chief Executive Officer for consideration.
- 6.4 If the offer meets the key principles and disposal guidelines, the offer will be referred to Council for consideration.

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OFFICE USE ONLY	
Responsible Officer	Executive Manager Corporate Strategy & Governance
Initial Council Adoption	DD/MM/YYYY
Reviewed / Amended	DD/MM/YYYY
Next Review Date	MM/YYYY