

<b>Policy number</b>	Policy 221
<b>Policy title</b>	Strategic management of land and building assets
<b>Strategic outcomes supported</b>	CL1 – Effectively managing resources and performance EN5 – Providing facilities that are well-built and well-maintained

### 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 approach, 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 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 building assets owned or controlled by the Town of Victoria Park.

### Policy definitions:

Nil.

### Policy statement:

1. This Policy provides a framework 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 Objectives outlined in the Strategic Community Plan.
2. Specifically the Town's land and building 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 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. Expansion of a land and building asset base 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 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. 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 an assessment by the Property Development Manager shall determine whether the property has more than one use.

### Use of Proceeds:

8. The proceeds from Council land and 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.

Or as determined by Council.

9. The Council will consider the use of funds in the development of its land and building assets once a Business Case has been developed for Council consideration.
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 to all land and building assets owned or controlled by the Town of Victoria Park.
  - 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 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 12 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](#)

<b>Responsible officers</b>	-
<b>Policy manager</b>	Manager Property Development and Leasing
<b>Approval authority</b>	Council
<b>Next evaluation date</b>	April 2024

## 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	Administratively amended	24/08/2023	Delegation		