

<b>5.3</b>	<b>OUTCOME OF ADVERTISING AND ADOPTION OF PROPERTY INVESTMENT AND DISPOSAL POLICY</b>
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- Attachments:**
1. **Property Investment and Disposal Policy**
  2. **Property Investment and Disposal Policy - tracked changes**
  3. **Summary of Submissions from Consultation**

**RECOMMENDATION:**

**That Council ADOPTS the Property Investment and Disposal Policy at Attachment 1.**

**PURPOSE OF REPORT:**

To present the outcome of community consultation and seek approval of the proposed Property Investment and Disposal Policy at **Attachment 1**.

**DELEGATION:**

Section 2.7 of the *Local Government Act 1995* sets out the Role of Council as being to 'determine the local government's policies'. There is no delegation for Administration to make, review or repeal policies.

**BACKGROUND:**

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

At its 13 February 2024 Meeting, Council approved conducting community consultation of its intention to adopt the Property Investment and Disposal Policy.

In accordance with the City's Community and Stakeholder Engagement Policy, community consultation was undertaken for 28 days between 13 March 2024 to 10 April 2024, with one submission in support received.

**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:**

The proposed policy was advertised on the City of Vincent website, social media and public notices as follows:

- Perth Now Central – 14 March 2024
- News Item on the City's website – 13 March 2024
- Story on Instagram and Facebook – 13 March 2024
- Listing in fortnightly e-news notice.
- The consultation webpage published on the Imagine Vincent website from 13 March 2024 to 10 April 2024 was visited by 137 participants

One public submission in support of the policy was received. The submission comments with Administration comments are included at **Attachment 2**.

Since advertisement of the policy, Administration has made minor amendments to the policy Introduction to clarify the context of the policy setting and development. In addition, deletion of a paragraph in Section 2.2 which was not relevant to that section.

**LEGAL/POLICY:**

Section 2.7(2)(b) of the *Local Government Act 1995* provides Council with the power to determine policies.

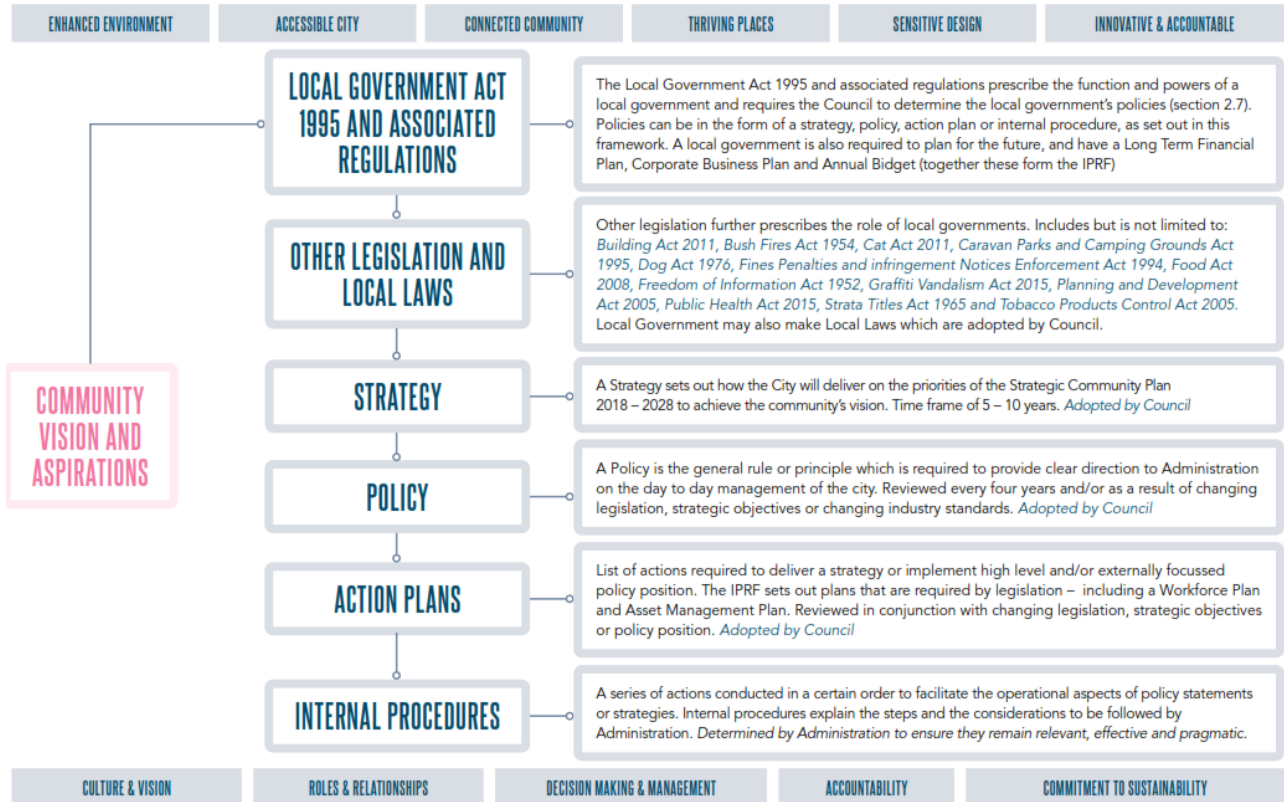
The City's Policy Development and Review Policy sets out the process for the development and review of the City's policy documents.

In accordance with section 2.3 of the Policy Development and Review Policy:

*The purpose of a policy is to provide a general rule or principle to guide Administration and the community on the City's decision making and advocacy;*

The purpose of the proposed policy is to provide a framework for the Strategic Property Management of the City's Property Portfolio. The adoption of the policy provides strategic direction on the process and outcomes expected by Council in relation to investment or disposal of the City's land.

# LOCAL GOVERNMENT DECISION MAKING HIERARCHY



## RISK MANAGEMENT IMPLICATIONS

Low: It is a low risk for Council to adopt a policy which provides a framework for the investment in land or disposal of the City's land.

The policy provides necessary guidance on Council's expectations for the effective and strategic management of the City's Property Portfolio.

The policy provides necessary controls in relation to the decision making of all transactions related to the City's Property Portfolio, including acquisition, management, capital investment, development and disposal.

## 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.*

**SUSTAINABILITY IMPLICATIONS:**

This does not contribute to any specific sustainability outcomes of the *City's Sustainable Environment Strategy 2019-2024*.

**PUBLIC HEALTH IMPLICATIONS:**

This does not contribute to any public health outcomes in the *City's Public Health Plan 2020-2025*.

**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 Property Investment and Disposal Policy provides guidance when undertaking 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 potential benefits 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.

Administration recommends adopting this policy at **Attachment 1**.



# 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 Property Management Framework sets out Council's adopted approach to leasing and licensing of City facilities. This Framework supports the City to meet the growing community needs and maximise community benefit while ensuring transparency and equity.

To meet the Strategic Community Plan's objectives of 'Connected & Healthy Community' and 'Thriving Places', City owned and managed properties will primarily be available for local not-for-profit organisations, community groups and other community purposes.

It is necessary for the City to have a defined approach to the investment and disposal of its land assets to ensure a consistent and transparent approach to making land related decisions.

### 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.



# PROPERTY INVESTMENT AND DISPOSAL POLICY

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.

## 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>

# PROPERTY INVESTMENT AND DISPOSAL POLICY



## 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.
- 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,

# PROPERTY INVESTMENT AND DISPOSAL POLICY



- 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:

- 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:
  - 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



# PROPERTY INVESTMENT AND DISPOSAL POLICY



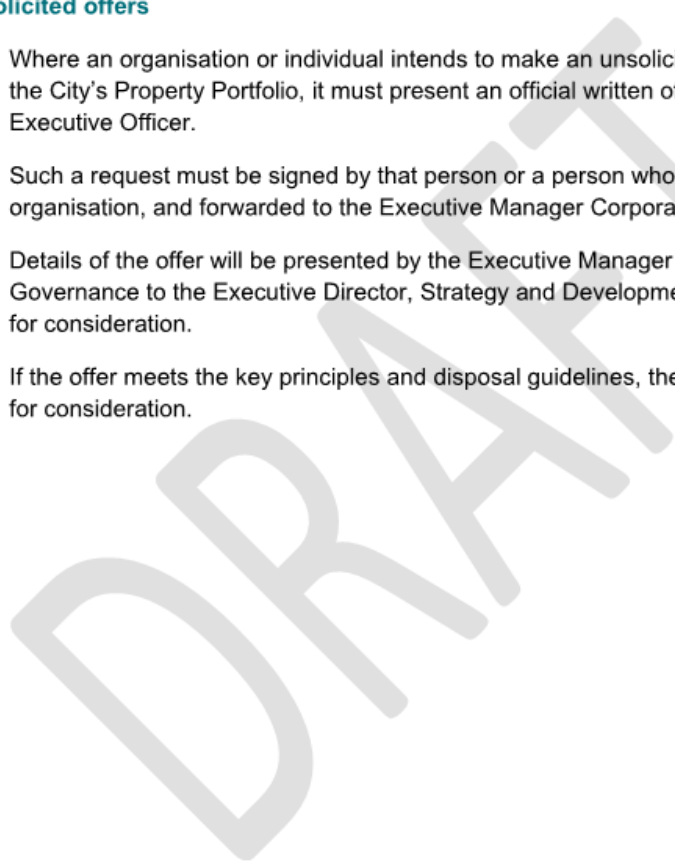
Proceeds of sale from disposal of the City's Property Portfolio will generally be allocated to the City's Municipal Account unless otherwise directed by Council or set out in the annual budget.

## 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.



OFFICE USE ONLY	
Responsible Officer	Executive Manager Corporate Strategy & Governance
Initial Council Adoption	DD/MM/YYYY
Reviewed / Amended	DD/MM/YYYY
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# PROPERTY INVESTMENT AND DISPOSAL POLICY

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## 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.

The Property Management Framework sets out Council's adopted approach to leasing and licensing of City facilities. This Framework supports the City to meet the growing community needs and maximise community benefit while ensuring transparency and equity.

To meet the Strategic Community Plan's objectives of 'Connected & Healthy Community' and 'Thriving Places', City owned and managed properties will primarily be available for local not-for-profit organisations, community groups and other community purposes.

It is necessary for the City to have a defined approach to the investment and disposal of its land assets to ensure a consistent and transparent approach to making land related decisions.

### 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;
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# PROPERTY INVESTMENT AND DISPOSAL POLICY

- (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
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## 4 Proceeds of Sale

# PROPERTY INVESTMENT AND DISPOSAL POLICY



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.

## 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.

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Initial Council Adoption	DD/MM/YYYY
Reviewed / Amended	DD/MM/YYYY
Next Review Date	MM/YYYY

**Summary of Submissions**

**Outcome of advertising – proposed Property Investment and Disposal Policy:**

The table below summarises the comments received during the advertising period of the proposal, together with the City’s response to each comment.

Received in Support with comments:	Administration’s Comment:
<p>Issue: Interactions of this policy with the zoning for increased density and sustainability policy which aims to enhance the liveability and biodiversity of the City.</p> <p>There should be no sale of public open space that results in a net reduction of public open space in the City.</p> <p>A financial return should not be a requirement if there are other environmental or social benefits to a decision that outweigh it.</p> <p>Purchase offer should not be limited to market value if there are other significant benefits to the City for environmental, social or planning reasons.</p> <p>Policy should address the total net value and enables Council to action decisions that are best for the City with financial, environmental and social considerations being assessed.</p>	<ul style="list-style-type: none"> <li>• As part of the key principles of the proposed policy, the City’s role is to assess and make determinations that align with the current or future service delivery outcomes identified in the <a href="#">Strategic Community Plan</a>.</li> <li>• The six priority areas of the Strategic Community Plan that guide the delivery of the City’s projects, programs and services over a 10 year period are set out in the plan.</li> <li>• Any proposed acquisition or disposal of property would necessitate consideration of the priority areas within the Strategic Community Plan and which includes the considerations raised in the comments.</li> </ul>