



POLICY

TITLE:	STRATEGIC MANAGEMENT OF PROPERTY ASSETS	CODE:	CM106
PURPOSE or OBJECTIVE:	To define the framework to guide the City in managing its property assets.		
REFERENCE DOCUMENTS:	Local Government Act 1995. Local Government (Financial Management) Regulations 1996. City of Canning Strategic Community Plan. Internal Procedure and Working Instructions for Management of Property Assets.		

POLICY STATEMENT

The City of Canning will be guided by this Policy in managing its property assets, with the objective of enhancing its economic capacity and delivering the Community Goals outlined in the City’s Strategic Community Plan.

The City will have a commercial approach to managing property, and use the proceeds from the sale or lease of City property for the following priorities:

- **Delivering high quality services and facilities;**
- **Facilitating environmental, economic and social benefits to the community;**
- **Stimulating and regenerating precincts within the City; and**
- **Facilitating developments that will generate additional income streams for the City.**

1. Scope

This Policy applies to all Elected Members and Employees who are tasked with the management and administration of land owned or managed by the City.

2. Definitions

For the purpose of consistency, risk management and performance outcomes, the following definitions are used to identify the various types of real property in the City’s property assets portfolio.

<i>Term</i>	<i>Definition</i>
<i>Surplus Property</i>	Property surplus to requirement and of no benefit to the community, either for the delivery of services or part of a strategic land holding.
<i>Civic Property</i>	Property, not including Public Open Space and other Reserves, used for the delivery of services by the City, and that may be held in freehold title.
<i>Commercial Property</i>	Property held by the City and leased to provide a commercial return, based on the capital value of the property. Leases and the rate of return are determined by Council and subject to risk assessment.
<i>Investment Property</i>	Property that has the potential to contribute towards broader planning, social or strategic objectives for the City, and which may include a commercial undertaking with a third party as a contributory factor for achieving those objectives.
<i>Independent Appropriately Qualified professional</i>	A person who is professionally qualified and/or has expertise in the matter which is to be evaluated, and who is competent to conduct a comparative analysis and make an independent assessment of the proposal under consideration.

<i>Term</i>	<i>Definition</i>
<i>Residential Property</i>	Property that is intended for residential development, either by the City for sale direct to the end user, or as part of an agreement with another agency or residential property developer. Residential property must be aligned to the City's service delivery, or be established agreements with external agencies.
<i>Utility Property</i>	Property used for existing or anticipated future public utility functions.
<i>Public Open Space and Other Reserves</i>	Property vested in the care, control and management of the City by the State Government, and developed for active and passive recreational use by the public, or retained for the protection or benefit of the natural environment.

3. Property Proceeds

3.1 The allocation of proceeds must:

- a) Align with the City's adopted Strategic Community Plan and Long Term Financial Plan; and
- b) Be used in the development of the City's property assets, where an appropriate community, social, environmental or economic benefit can be demonstrated.

3.2 The proceeds or revenue from the sale, lease or development of City property, will be allocated as follows:

- a) Where land is zoned 'Parks and Recreation', it will be held in 'Trust', and first preference will be to utilise it to purchase public open space. The second preference will be to utilise it for capital improvements to public open space, either within the Guided Scheme Area (if stipulated by the Scheme) or the immediate suburb and/or adjoining suburb, where the capital improvements will be of benefit to residents within both areas.
- b) Where land is not zoned 'Parks and Recreation', the revenue will be allocated into the City's Land, Building and Development Reserve, and utilised at Council's discretion to fund a range of projects related to facilities. Council shall channel proceeds from the sale of its land assets to fund property acquisitions or property development projects that will generate either cash flows or long term capital gains, or both.

3.3 Where any existing legal agreement or caveat is held against the respective land title, the future use of the land, or any revenue generated, will be controlled by the conditions contained within the documents. These conditions will reflect the terms under which the City originally acquired the land.

4. Acquisition and Disposal of City Property

4.1 In determining acquisition or disposal of property for commercial purposes, the City will identify investment opportunities for acquisition and surplus freehold land for disposal, and maintain a land asset register (Commercial Land Asset Strategy) which is to be reviewed and updated on an annual basis.

4.2 Property acquisition decisions will consider:

- a) Strategic acquisitions (future planning);
- b) Options for land holdings (hold/develop/divest);
- c) Returns (profits) on funds employed;
- d) Risk associated with the proposal;

- e) Locality of the development/investment;
- f) Current market trends and conditions based on analysis and environmental scans;
- g) Market demand for, and supply of, the property in question;
- h) Ongoing costs relating to the provisions of building maintenance/refurbishment;
- i) Community objectives expected; and
- j) Appropriateness of the property and its use as an asset owned by a public authority.

4.3 Property disposal (sale/lease/development) decisions will consider whether:

- a) The property is being used for the purposes intended at the time of the acquisition;
- b) The property is serving an operational or community need;
- c) The property is facilitating service delivery objectives;
- d) Property disposal would deliver better outcomes for the City;
- e) The property provides an acceptable return; and
- f) The property represents an acceptable risk to the City.

4.4 Any acquisition or disposal proposal must comply with the requirements of the *Local Government Act 1995*, and any relevant internal Council policies.

5. Performing Statutory Functions

5.1 Where Council is performing its statutory function in relation to an application to develop, commence a major land transaction, or trading undertaking, on land owned or controlled by the City, and which is to be used for a commercial purpose, an independent report on the proposal for Council consideration is to be provided in the manner detailed in Parts 5.2 and 5.3 of this Section.

5.2 Applications for Development Approval

a) Where the City is the responsible decision making authority, prior to making a determination on an application for development approval, the City is to obtain an assessment from an independent appropriately qualified professional where in the opinion of the Director Planning and Regulation, the development proposal is:

- i) Of a complex or contentious nature;
- ii) Likely to be of significant interest to the community; or
- iii) Involves unusual or unconventional design elements.

b) The independent appropriately qualified professional is to provide a written report to the City detailing their assessment in respect to the following matters:

- i) The proposal in relation to the City's Town Planning Scheme requirements;
- ii) Any submissions received from the community and interested parties; and
- iii) Any other matter that may be relevant to a particular development.

5.3 Major Land Transaction and Trading Undertaking: Prior to entering a major land transaction, or commencing a major trading undertaking in accordance with Section 3.59 of the *Local Government Act 1995*, and as part of the preparation of a business plan, an appropriately qualified professional will be engaged to provide Council with written independent advice on the merits and risks associated with any proposal.

5.4 Where Council performs its statutory function in relation to an application to rezone land owned or controlled by the City, which is to be used for a commercial purpose, the final decision in the rezoning process is made by the Western Australian Planning Commission, and therefore an independent report is not considered necessary.

- 5.5 The objective of an independent report is to remove the potential for a real or perceived conflict of interest or bias between the Council being the owner of the land and the regulator.
- 5.6 Parts 5.2 and 5.4 of Section 5 of Policy CM106 covering developments and rezoning applications, is not intended to apply to applications involving non-profit services, community based services or recreational pursuits, or where the project is the subject of an existing lease which has been previously advertised and approved by Council.

6. Management of City Property

The management of the City's property assets will be guided by Council's Commercial Property Assets Strategy.

GOVERNANCE REFERENCES

Statutory Compliance	<i>Local Government Act 1995 – Division 3, Subdivision 6 (Sections 3.53-3.60). Local Government (Financial Management) Regulations 1996 – Part 2 (Recommendations 8, 9, 16, 17A, 17 and 18).</i>
Process Links	<i>Land Acquisition Procedure for Policy CM106 (D13/80507).</i>

POLICY ADMINISTRATION

Directorate		Officer Title	Authority to Approve
Economic Development		Director Economic Development	Council
Version	Decision Reference	Synopsis	Delegation No
1	18.11.14 (AC-015-14)	Revised Policy adopted.	
2	OCM 16.12.14 (AC-024-14)	Policy Amended - Clause 4(c) added; new Clause 5 added.	
3	OCM 17.5.16 (ED-006-16)	Policy Adopted – Definition of 'Independent Appropriately Qualified Professional' and Clause 5 expanded and clarified.	
4	OCM 15.11.16 (CE-007-16)	Revised Policy Adopted – additional clarity provided for Sections 3, 4, 5 and 6. (D16/159521)	