

Land Acquisition and Disposal Policy

Responsible Division	Community and Development
Responsible Business Unit/s	Strategic Planning and Place
Responsible Officer	Manager Strategic Planning and Place
Affected Business Unit/s	Whole of organisation

Purpose

To provide a framework to achieve the efficient and accountable retention, development, acquisition and disposal of City of Bayswater land and property for community benefit.

Objectives

The objectives of this policy are to:

- Ensure that required services are provided from the most appropriate locations.
- Set out the principles and framework for the retention, development, acquisition and disposal of property.
- Enable action of strategic acquisition, development and disposal opportunities.
- Ensure effective use of the Strategic Land Acquisition Reserve funds.

Introduction

The City of Bayswater manages, acquires and disposes of land and property to support the delivery of services to the community and the financial performance of the organisation. Optimising the social and financial return from the City's property assets will also assist the City to reduce its reliance on rate revenue, meet community needs and expand its income-earning potential from alternative sources.

This policy acknowledges that land and property assets place an important role in realising the City's vision and the aspirations of the community as identified in its Strategic Community Plan.

Policy Details

Principles for the Management of Land and Property Assets:

1. Ensure the City has access to and control of land assets to be able to deliver, now and into the future, the necessary services and facilities for the community.
2. Increase the City's revenue from property investment acquisition to reduce the burden of rates and fees and charges on landowners and residents.
3. Consider disposal of properties that are not capable of continuing to provide a service, an alternate function or purpose, or a financial return.

These principles are detailed in the below sections.

1. Property Classification

Policy Statement 1: The City shall prepare, maintain and integrate a register which outlines the attributes of its land asset including, the nature of ownership, way in which the land is used, and the purpose of the property as described in the Property Asset Classification Table.

These property classifications describe the nature of ownership, the way in which the land is used, and the purpose the property and land asset performs. The 'function' reflects the current use of the property, whilst the 'purpose' is the reason that the City holds the asset, which may not always reflect its current use.

It is noted that properties may fit into a number of 'function' classifications. For example, the properties comprising The RISE, Maylands have 'civic', 'community', 'commercial' and 'open space' functions.

Property Asset Classification Table

	Classification	Description
Tenure	T1. Freehold	<ul style="list-style-type: none"> Land owned by the City or another entity, either vacant or with built infrastructure. The use is subject to the zoning of the land identified in the appropriate Planning Scheme. The land is capable of being sold by the City for financial return if appropriate.
	T2. Reserve	<ul style="list-style-type: none"> State Government land that the City has care and control via a management order (vesting) for a particular purpose in the public interest. The land cannot be sold by the City for financial return – can be sold by the Crown where it is no longer required for a public purpose.
Function	F1. Civic	<ul style="list-style-type: none"> Properties from which services are provided directly by the City. Portions of the property may be hired to a third party.
	F2. Community	<ul style="list-style-type: none"> Properties from which community groups, sporting and recreational groups, and funded not-for-profit activities or services are provided on behalf of the City or for the broader benefit of the community. The property may include both freehold and Crown Land vested in the City.
	F3. Commercial	<ul style="list-style-type: none"> Properties from which independent commercial activities are or can be conducted. The property may be leased to a third party.
	F4. Residential	<ul style="list-style-type: none"> Properties which are primarily used to provide residential accommodation. The property may be leased to a third party.
	F5. Open Space	<ul style="list-style-type: none"> The property is held by the City for the purpose of providing parks and nature reserves or similar. The property may be freehold or Crown Land vested in the City. Portions of the property may be leased to a third party.

	F6. Utility	<ul style="list-style-type: none"> Properties used by the City for the provision of essential infrastructure for example; water management, road reserves, parking, telecommunications, public access, etc.
Purpose	P1. Service	<ul style="list-style-type: none"> The property is adequately delivering on its current use and held to continue to provide community benefit.
	P2. Strategic	<ul style="list-style-type: none"> The property may not be adequately delivering on current use but it has another future proposed use. The property may be part of, or have the capacity to influence, a future economic development, planning, or redevelopment projects.
	P3. Investment	<ul style="list-style-type: none"> The property is held for the primary purpose of generating income for the City or for its capital appreciation potential. The property may be leased to a third party, generally on a commercial basis. The property may be the subject of a partnership with government or private sector to maximise its financial return.
	P4. Potential Disposal	<ul style="list-style-type: none"> The property has been determined not to be suitable for an alternate purpose (service, strategic or investment). Further investigations, works and/or community engagement may be required prior to its disposal.

2. Acquisition Considerations

Policy Statement 2: In considering the acquisition of freehold land for strategic or investment purposes, the following considerations are to guide decision making:

Strategic Objectives - The acquisition of land aligns with the City's strategic objectives and plans, such as:

- aligning with the City's Strategic Community Plan, Corporate Business Plan, and Long Term Financial Plan;
- contributing to making the City more sustainable socially, environmentally and/or financially; and/or
- responding to endorsed and published City strategies or policies.

Community – The property will provide the current or future opportunity to improve service delivery or consolidate user groups in an improved or better shared facility.

Strategic - The acquisition provides an opportunity to contribute to economic activation of the City immediately or in the future or partner with government or private industry.

Financial - There is an immediate return through an income stream from tenants and/or there is potential for long term development. The whole of life costs have been considered.

Land Swap - The acquisition provides an opportunity to undertake a land swap with another agency in order to:

- reduce red tape associated with statutory processes;
- reduce direct and indirect costs associated with purchase;
- facilitate project delivery.

Acquisition Impacts – The acquisition considers possible foreseeable impacts including, but not limited to:

- on the existing tenants or users;
- the positive or negative implications for surrounding properties; and/or
- the City's reputation.

Policy Statement 3: All property acquisitions are to be undertaken in accordance with the relevant provisions of the Local Government Act 1995 and associated regulation.

3. Disposal Considerations

Policy Statement 4: In considering the disposal or transfer of freehold land by sale or otherwise from the City, the considerations are to guide decision making:

Strategic Objectives - The disposal of the land aligns with the City's strategic objectives and plans, such as:

- aligning with the City's Strategic Community Plan, Corporate Business Plan, and Long Term Financial Plan;
- contributing to making the City more sustainable socially, environmentally and/or financially; and/or
- responding to endorsed and published City strategies or policies.

Alternate Community Use - The property is not suitable for a current or future civic, community or open space use because of its location, size, characteristics, or surrounding land use.

Financial Outcomes – The disposal will provide funds to build the City's alternative revenue stream and an analysis has concluded it is preferable to an alternative development or partnership opportunity.

Disposal Impacts – The disposal considers possible foreseeable impacts such as:

- the displacement of existing tenants or users;
- the positive or negative implications for surrounding properties; and/or
- the City's reputation.

Policy Statement 5: All property disposals are to be undertaken in accordance with the relevant provisions of the Local Government Act 1995 and associated regulation.

4. Financial

Policy Statement 6: The proceeds of disposal by sale of property assets are to be deposited in the City's Strategic Land Acquisition Reserve.

Policy Statement 7: The funds in the Strategic Land Acquisition Reserve should be used to acquire land for strategic or investment purposes.

Policy Statement 8: Where the use of financing for a strategic or investment acquisition, the debt to be repaid from the proceeds of the asset that generates the revenue.

To achieve the principle of increasing the City's revenue from property investment to reduce the reliance on rates and fees and charges income, it is necessary to dedicate funds to build a commercial portfolio. Using the funds from property disposals for operating expenses or other capital projects may have a short term benefit but will not be sustainable in the long term. The returns on investment property will provide an enduring source of funding to support the City's service and infrastructure provision.

Related Documentation

This policy will be supported by management practices and processes as required.

Related Legislation

Adopted under Part 2, Division 2, s. 2.7(2) of the Local Government Act 1995.

This policy is prepared in accordance with the Local Government Act 1995.

Relevant Delegations	NIL			
Risk Evaluation				
The City Adoption	23 June 2020			
Reviewed / Modified				