



# COUNCIL PROPERTY STRATEGY

## Introduction

Property is a significant, highly valued, and diverse resource that directly impacts the capacity and performance of service delivery within the City of Yarra.

Yarra City Council has a critical role as the caretakers responsible for the management of public land on behalf of the community and it is essential that the portfolio is safe, compliant, economically and environmentally sustainable and most of all relevant to and considerate of our community.

## Purpose / Objectives

This Property Strategy has been developed to provide a holistic framework for the management of all property assets and establishes guiding principles for the alignment of Council's property portfolio with its future community and service delivery requirements.

Council's vision for community infrastructure planning is:

*To identify current and future needs so that Council can deliver and influence the provision of quality, flexible and responsive community infrastructure to support a prosperous, livable and sustainable City of Yarra.*

Council's three goals of community infrastructure planning are:

- Build and support a safe, healthy and cohesive community.
- Support a sustainable city with responsive and flexible community infrastructure.
- Embed a holistic approach in planning and delivery.

This strategic framework will enable Council's vision and objectives for community infrastructure to be achieved in a sustainable and measured way through a consistent transparent and evidence based decision making process.

## Key Principles/ Guidelines

The Property Strategy identifies the following principles that should drive Council's approach to managing the property portfolio. This process will also consider the various ways in which property can or could be managed now and into the future.

- Strategically manage the property portfolio for the long term in the best interest of the community and service level requirements;
- Provide Councillors and Council Officers with a framework to guide decisions and actions regarding the management of Council properties, in

such a way as to maximise community benefit and support financial sustainability;

- Provide a consistent and transparent process to enable the evaluation of all Council property according to their usage, suitability and physical characteristics;
- Formalise assessment and evaluation principles, thus ensuring due consideration of social, cultural, economic, environmental and risk implications;
- Ensure properties are 'fit for purpose' to deliver services and benefits to the community;
- Manage properties that are maintained to a safe, compliant, energy efficient and modern-day standard and generally protected from deterioration;
- Enable new and ongoing partnerships with community organisations to maximise the community benefit arising from facility use;
- Ensure best practice and compliance with legislative requirements and consistency with existing strategy, process and policy positions.

## **Property Classes**

Council currently catalogues properties into three primary assets classes.

### **Open Space**

Yarra has a total of 235 hectares of open space for the enjoyment and recreational pursuits of its community and visitors. The Yarra Open Space Strategy 2006-2016 guides the future provision, planning, design and management of public land reserved for recreation and nature conservation purposes – the parks, gardens and other reserves that make up Yarra's open space network. This strategy will continue to guide the management of open space pending the 2018 revision that is currently underway.

### **Roads**

As the Coordinating Road Authority, Council manages both Local and Government roads. The management of Council Roads – those contained on the Road Register – from an asset renewal, and sustainable traffic viewpoint are addressed in Council's Road Management Plan 2013 -2017. Arterial Roads within the municipality are managed by Vic Roads in accordance with the Road Management Act 2004.

### **Land and Buildings**

This class of asset groups together all Council owned and managed land and buildings and Crown buildings. Currently there are 152 primary properties that are relevant to this Property Strategy.

This includes the following property types:

- Town Halls
- Leisure centres
- Libraries
- Childcare, MCHC & Youth
- Arts & Cultural Services
- Community Halls
- Neighbourhood Houses
- Aged & Disability Services
- Pavilions & Sporting Clubs
- Grandstands

- Depots
- Offices
- Carparks
- Commercial
- Miscellaneous

## **Property Types**

As caretakers of Public Land Yarra City Council has an involvement with a diverse range of property and property-based assets.

Council's property portfolio consists of land which is:

- Owned by Council in freehold – the City of Yarra is the registered proprietor of the land on the Certificate of Title. Council manages this land in accordance with its powers under the Local Government Act.
- Owned by the Crown and for which the Council is appointed as the Committee of Management in accordance the Crown Land Reserves Act.
- Owned by the Crown and for which the Council is the Coordinating Road Authority. Councils manage this land in accordance with the Local Government Act and with reference to the Road Management Act.
- Land which Vests in Council - whilst the Certificate of Title might show a registered proprietor other than Council, the land is deemed to vest in Council as its use is deemed for public purposes.
- Council as Lessee – Council has number of properties for which it is the Lessee. The majority of these properties are leased from statutory authorities or Government.

## **Classification & Assessment Framework**

The classification and assessment of all properties is essential to support the effectiveness of the Property Strategy. This framework is designed to provide a consistent and transparent process for the classification of all properties to support informed analysis, reporting and decision making.

This framework contains three key phases (1, 2, and 3) and includes the establishment of a cross organisational review group to manage and implement the process. In addition, a series of key assessment principles will be established that will support the evaluation process in conjunction with the Legislative, Statutory, Asset and Risk Management requirements.

### **Property Review Group**

An integral part of the property classification and assessment framework is the establishment of a cross organisational panel responsible for the management and implementation of the Strategy framework.

This Property Review Group (PRG) will be responsible for the strategic and systematic assessment of all property to ensure a timely, comprehensive and coordinated approach. This group will also provide briefings and advice to the Executive Team and Council to support with the various phases of the process.

The group will be chaired by a member of the Executive Team (EMT) and includes internal representatives and subject matter experts from various Council departments, who will meet as required to investigate, assess, discuss and progress property opportunities.

The group will be further supported by various Council departments and commercial property and financial experts on an 'as needs' basis.

### **Assessment Criteria**

As part of the assessment process all Council owned, and managed properties will be evaluated considering the Economic, Environmental, Climate Adaption and Financial requirements, commonly known as the "Quadruple Bottom Line". In addition, there a number of additional factors that will be considered as part of the assessment framework.

This will include but not limited to:

- Social Impacts
- Suitability -Fit for purpose
- Sustainability & Environment
- Community Infrastructure Framework
- Community Requirements
- Capacity & Current Usage
- Condition & Functionality
- Risk Management
- Service Delivery Options
- Cultural Aspects & Needs of the Community
- Capacity & Current Usage

### **Phase 1 – Classification & Assessment**

This initial phase will consolidate all relevant property information into site specific property reports to support the initial high-level assessment and classification of all properties. In addition, this phase will involve internal representatives to assist the Project Working Group (PRG) in confirming the initial evaluation and performance criteria.

The outcome of this initial assessment will be that all Council property will be assigned to one of the categories listed below.

- Identified for further investigation and assessment
- Currently utilised and fit for purpose
- Deferred for potential future consideration

To allow for flexibility within the framework process a property may be re-assigned if circumstances or conditions change at the discretion of the Property Review Group (PRG). At the conclusion of this initial phase a detailed briefing will be provided to the Executive Management Team (EMT) outlining the outcomes and recommended classifications.

### **Phase 2 – Further Investigation & Due Diligence**

The objective of this second phase is that each site identified for further investigation in phase one receive a more detailed secondary assessment.

This will include physical site inspections to further filter and classify these properties for reporting and decision making in line with all legislative, statutory, condition, capacity, functionality and risk management requirements. This process will endeavour to categorise these remaining properties into the following descriptions.

- **Operational / Service Delivery**  
 This relates to Councils role in delivering quality services and the key facilities that support this. Given the changing nature in the way we will provide services for the future there is the opportunity to review the way similar or enhanced community services can be provided.
- **Lease / Licence**  
 This relates to Councils role as landlord (lessor) in either leasing properties to third parties to deliver community services or concessions leasing to non-for profit or community associations.
- **Maintain / Hold**  
 This refers to properties that are currently vacant or not utilised for various reasons (condition, capacity useability) and require further assessment or consideration to determine their future. These sites must be responsibly managed regardless of occupation or use as they are a liability to the organisation if not maintained to minimum safety, environmental and security standard.
- **Generate Income / Commercial**  
 This relates to the classification of property where the maximisation of the income stream is considered to be the primary objective. Property in this area will be developed to the highest and best use of the site in line with market rates.
- **Develop / Partner**  
 This refers to the potential opportunities to increase the value of land and buildings through alliances or partnerships with third parties. Interested parties can range from Statutory Authorities, to Not-for-Profit organisations, to Public companies to Private Organisations and take various forms from Public - Private Partnerships (PPP), 173 Agreements, Joint Ventures or land swaps/ transfers.
- **Acquisition**  
 This function relates to an identified need or opportunity to strategically acquire a property to support or deliver a service for council or the community. This would involve detailed commercial due diligence for the assessment of options and evaluation / analysis of purchase and life cycle costs, community benefits and long term financial impacts.
- **Dispose / Discontinuance**  
 This function relates to the assessment of property for which there is no ongoing service need or where the delivery approach has altered, and the property is no longer required to supply services to or for the community and is surplus to council's needs. This would consider all disposal options; testing alternative uses of capital and the timing to maximise returns.

At the conclusion of this phase a detailed briefing will be provided to the Executive Management Team (EMT) outlining the status and recommended classifications. Once confirmed a subject specific Councillor Briefing will be scheduled to summarise the background and outcomes at this stage of the process.

### **Phase 3- Reporting & Implementation**

This third phase will begin with a report to Council confirming the proposed recommendations for properties that will progress through to the final tertiary assessment process. This final and detailed phase will include specific strategic investigations that may include commercial property or financial analysis and advice to support decision making.

Following the completion of the tertiary assessment process undertaken in this final phase a detailed briefing will be provided to the Executive Management Team (EMT) outlining the outcomes of the process to date and confirm recommendations for Council consideration.

Given there may be several properties for discussion and consideration in this phase reports will be staged and presented on a “case by case” basis or further Council briefings scheduled if required.

### **Associated Strategies Policies & Procedures**

The Property Strategy will be administered with reference to the existing internal strategies, policies and procedures:

- Council Plan
- Annual Plan
- Long Term Financial Plan
- Service Plans
- Parks & Open Space Strategy
- Buildings Asset Management Plan
- Lease and Licencing Policy
- Risk Management Plan
- Service Level Agreements
- Policy for Managing Planned Encroachments
- Policy for the Discontinuance and Sale of Roads.

### **Legislative and Statutory requirements**

Council's property portfolio will be managed within the necessary legislative and statutory requirements including those enacted in the following.

- Local Government Act 1989
- Crown Land (Reserves) Act 1978
- Land Act 1958
- Planning & Environment Act 1987
- Retail Leases Act 2003
- Road Management Act 2004
- Valuation of Land Act 1960
- Subdivision Act 1988

### **Risk Management**

Whatever opportunities are developed for consideration as part of the Property Strategy process is it essential that the identification and management of risk is made a priority.

Risk is currently coordinated through a formally established Risk Management Review Panel (RMRP) comprising of the CEO, Directors, Executive Managers and the Risk Management and Insurance Coordinator.

Council has an adopted risk management framework that provides guidance on the management of risk related data stores (risk register, risk treatment plans, policy and procedural documents and reports). Risk management in relation to the operational aspects of our service delivery are assessed, reviewed and managed by each business unit.

### **Community Engagement**

As a minimum, Council will meet all statutory obligations for notification and community consultation as part of the implementation phase of the Property Strategy process.

### **Attachments**

- Process Flowchart

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