

**PROPERTY STRATEGY**

**Property and Economic Development Department**



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# Preface

Council has a substantial property portfolio comprising community, operational and commercial properties distributed throughout the Shire.

This strategy document has been prepared to assist the Council to manage this property portfolio effectively and ensure current and future community and operational needs are met.

This property strategy is intended to provide a platform for service improvements by:

* Ensuring property is always treated as a strategic resource and commercial asset
* Challenging the reasoning for continued ownership of non-performing assets
* Ensuring property decisions are informed by sufficient data and analysis
* Providing clarity around property processes, procedures and responsibilities
* Providing tools and measures for the assessment of property performance as a commercial asset
* Identifying the commercial benefits that the property portfolio is expected to deliver to the community
* Establishing a commercial process for reporting on property performance to Council on an annual basis
* Outline options for the development and funding of property services over time to maximise commercial returns and deliver future needs
* Establishing a framework for the future management of property to increase commercial return to Council.

This strategy is complemented by the following resources:

* Policy for Property Transactions - Sale and Acquisition of Land
* Community Facilities Strategy June 2012
* WSC Strategic Plan 2013-2017
* Wyong Shire Council Local Environmental Plan 2013
* Community Strategic Plan 2030
* Review of Asset Portfolio (RAP) Assessment Tool
* WSC Asset Management Policy
* WSC Asset Management Strategy
* Wyong Heritage Strategy 2012-14

Property forms an integral component of Council’s service delivery capability. To maximise the effectiveness of Council’s services it is imperative that the property portfolio be structured to maximise operational efficiency and financial performance.

Wyong Shire Council also faces considerable long-term service delivery challenges due to significant population growth forecast over the next 15 years. To cater for the growing needs of the community Council must establish a clear vision and commercial strategy for the development or acquisition of new property assets.

This strategy will be revised and enhanced on an annual basis to ensure the property strategy remains commercially sound and responsive to changes in service delivery.

# Introduction

## Wyong SHIRE COUNCIL CONTEXT

Wyong Shire Council is a major property owner on the Central Coast of NSW. Council’s property portfolio currently comprises more than 600 buildings (including those used for infrastructure purposes) and over 2,000 lots. Land holdings comprise freehold and leasehold interests together with vast areas of Crown Land that is under the care, management and control of Council.

The majority of land owned or managed by Council is used for various civic, community and operational purposes including offices, libraries, parks, operational infrastructure (drainage, sewer and water services), road reserves, child care facilities and car parks, etc. Some property is leased for commercial purposes providing an income stream to Council.

Given the scale of Council’s property portfolio, buying, selling and managing property is an integral part of the functions of Council. Large allocations of money and resources are required to maintain, improve and develop the property portfolio to a standard that meets current and future community needs. It is of primary importance then, that Council make commercial use of its property portfolio by ensuring assets are effective, efficient and economically viable. This is important because:

* Inappropriately designed/used property will lower the quality of services provided.
* Unsuitable or under-utilised buildings tie up capital resources and waste revenue which could be better employed for service delivery.
* Consideration of long term asset needs will result in improved financial performance over time.
* Well managed property will provide a higher return on investment and result in lower operational costs
* Removal of constraints (such as classification and zoning restrictions) will provide a more flexible management platform allowing Council to capitalise on commercial opportunities.

Council’s approach to property dealing must be strategic and commercial in nature and not be reactive to short-term demands. The key strategic elements of this strategy are:

* Acquisitions – property has an essential link to current/future service delivery needs. Purchases should, where possible, be counter-cyclical to ensure competitive pricing. Sites which provide capacity for future uplift in value through rezoning or development consent should be prioritised.
* Evaluate alternatives, including non-property outcomes, for service delivery needs to optimise the commercial return on our property portfolio.
* Clear understanding and documentation of strategic commercial aims will ensure the efficient use of public money and assets.
* Transparency and accountability – property transactions must be financially sound, based on thorough due diligence and compliant with legislative and governance requirements.
* Future planning – anticipating medium and long-term service delivery needs will position the Council to meet future community expectations.
* Funding – property activities need to be commercially sustainable. Tied up capital in non-performing and surplus assets should be released for reinvestment in property aligned to future strategic needs (including appropriate land banking opportunities).

Wyong Shire Council’s ownership and management of property will inevitably result in competition with private land owners, investors and developers. It is therefore important that the set of principles which define the Council’s involvement in the property market be clearly understood to ensure that its regulatory and property ownership/management functions are clearly delineated.

More broadly, Council has a duty to provide for the social, economic, environmental and cultural wellbeing of its community. This means, among other things, ensuring that property decisions are commercial and contribute to the betterment of the community. In some cases, the only way to achieve this is through strategic ownership and development of property assets.

Within this context, it is important that Council regularly reviews its approach to property management, the property base and its performance in the delivery of services. Paramount to this is a comprehensive, integrated and commercial approach to property planning, property acquisition, operational property management, and property disposals.

## The Purpose of this Property Strategy

This Property Strategy provides a ‘whole-of-Council’ framework for the commercial management of property assets and sets out guiding principles to ensure the property portfolio gives consideration to Council’s service delivery objectives and Community Facilities Strategy.

The Property Strategy:

* Sets a forward looking strategic agenda
* Develops a coordinated commercial response to the use of Council owned and controlled property
* Helps in the assessment of how being commercial in our property dealings can meet the existing and emerging community needs and its contribution to Council’s quadruple bottom line.

The purpose of this Property Strategy is to establish a commercial approach to property based on a clear understanding of the requirements of Council and the services it delivers combined with best value in property management and development. This holistic approach to property management and development supports the commercial delivery of best value services and the well-being of residents and visitors of Wyong Shire.

The Property Strategy provides an integrated commercial framework for all elements of property ownership:

* Identifying non-ownership alternatives to property solutions (e.g. leases, community partnerships etc.)
* Owning property –for staff to understand what property is owned and why it is owned
* Managing property – ensuring comprehensive data on all property assets (e.g. zoning, classification, easements, vegetation management plans, acquisition/use history, lifecycle costs, commercial potential etc.) is readily available to inform decisions.
* Investing in property – ensuring the necessary financial resources are available to secure new assets and that commercial returns are market based, competitive and sustainable
* Releasing property – making commercial decisions about when and why to dispose of property that has no further purpose in Council ownership (surplus and non-performing assets).

The magnitude of property investment exposes Council to a range of risks. The approach set out in the Property Strategy will enable Council to manage these risks, and obtain better value for money in the delivery of services to the community. The benefits of this strategic approach are:

Portfolio Appropriateness:

* Align assets with services and community expectations.
* Promote economic development objectives.
* Effectively allocate resources maximising outcomes and minimising duplication.

Portfolio Effectiveness:

* Minimise demand for new assets.
* Reduce assets which are inappropriately designed or not fit for purpose in terms of efficient service delivery
* All associated property costs are considered and optimised over the life cycle of assets.
* Existing assets are maintained and used more effectively (e.g. programmed maintenance is cheaper than responsive repairs or new asset acquisitions).
* Realise commercial opportunities to use partner agencies and private sector assets.

Operational Efficiency:

* Demonstrate to the community that services are being delivered effectively.
* Achieve improved commercial returns for use of resources through published performance measures.
* Provide a basis for Council to evaluate and balance the trade-off between service, price and quality.
* Provide benchmarks which can be used to evaluate outcomes and plan future investments.

The Property Strategy is intended to inform elected members and officers of Council, as well as external parties with whom Council may work in respect of the commercial use of its assets in facilitating the delivery of its service objectives.

In developing the Strategy, existing governance arrangements including the legislative framework governing the use and management of property have been considered, reviewed and, where appropriate, streamlined to clarify and strengthen existing arrangements.

## Legislative and Policy Framework

The framework governing property management practice in Wyong Shire Council consists of:

* Acts of Parliament;
* Regulations made under Acts of Parliament;
* Policy Framework issued by Council.

Council’s property activities will be managed within the legislative parameters of:

* Local Government Act 1993
* Crown Lands Act 1989
* Retail Leases Act 1994
* Roads Act 1993
* Conveyancing Act 1919
* Real Property Act 1990
* Encroachment of Buildings Act 1922
* Environmental Planning and Assessment Act 1979
* Land Acquisition (Just Terms Compensation) Act 1991

The Property Strategy also has integral links with Council’s *Community Strategic Plan* and *Strategic Plan.*

# Corporate Property Strategy

### Council’s Role

Council is the closest tier of government to the community and plays a key role in people’s everyday lives. It provides services and infrastructure to allow residents and businesses to prosper. It is responsible for making and enforcing local laws and collecting revenue to fund service delivery activities. It is responsible for planning and delivering a wide range of services affecting residents, businesses, neighbourhoods and the local community.

### Our property mission

***“To build a better tomorrow”* -** To exercise leadership and build a sustainable and inclusive community that is focussed on the delivery of excellent service. Through the commercial management of its property assets Wyong Shire Council will maximise the value of its community facilities, deliver development and employment opportunities for residents and drive economic growth for the region.

### Vision

***“Creating our ideal community – caring…prosperous…sustainable…”***

Our Shire will be one in which the needs of residents, businesses and visitors are met through responsible planning and innovative development that is responsive to our unique natural heritage and identity. Through the commercial management of Council’s property assets we can assist in providing equity, accessibility and community participation in Wyong Shire.

We strive to build a sustainable property portfolio which meets the diverse needs of the community and generates an on-going commercial revenue stream for Council. We see our Council as a leader in its field, particularly in the areas of community consultation and communication, strategic planning and asset management.

### Our Values

This Property Strategy is built upon the achievement of Council’s quadruple bottom line:

* Economic Sustainability – identifying and developing a sustainable and commercial income stream to strengthen the economic base of the Shire.
* Environmental Sustainability – protecting, conserving and maintaining natural ecosystems. Ensuring property development is sustainable.
* Social Sustainability – Ensuring adequate and well maintained property infrastructure is available for core Council services
* Governance – Provide leadership and commercial management of our property in a transparent manner

## Why Is Council in the Business Of Property?

### What is Property?

Assets take a variety of forms. This Strategy deals with property assets that are physical in nature.

Property is a type of asset which has value both in an accounting sense and in how it contributes to service delivery. The value of a property asset to Wyong Shire Council cannot, therefore, always be measured purely in monetary terms.

In the public sector it is important to appreciate the non-monetary aspects of a property’s value. A large number of Council’s property assets have service potential. The term “service potential” is used to describe the utility of a property asset in meeting service delivery objectives and is a useful concept to employ where a property asset does not generate income. It is also referred to as the expected “future benefit” to be derived.

Property in the context of this Strategy is used to describe any kind of interest in land, which Council either holds or has been granted. It includes all buildings or rooms within buildings, rights of way, leases, tenancies, licences, easements, rent charges and ground rents.

### Why does Council Hold and Manage Property?

Council holds property to support the effective delivery of the broad range of services it provides for the people who live, work in and visit Wyong Shire. Other property, primarily vacant land, is also held for future strategic needs.

**CLASSIFICATION OF PROPERTY**

Under Part 2, Division 1 of the *Local Government Act* all public land must be classified as either “community” or “operational”. The LG Act imposes restrictions on the use, management, reclassification and disposal of “community” land. The mere classification of an asset as ‘community’ does not, however, indicate the strategic value of the property in terms of service delivery or community use.

In order to provide greater flexibility in the management and use of Council’s property portfolio, Council is progressing all its land holdings to be classified as ‘operational’ lands. The legislative requirements set down for the administration of ‘community’ lands are onerous, restrictive and result in an additional cost and resource burden for Council. This additional cost does not translate into improved community or service delivery outcomes but rather curtails Council’s capacity to manage lands efficiently.

It is important to note that the reclassification of ‘community’ land into ‘operational’ will not impact on the utility of public recreational and open space areas. Council currently owns a significant number of ‘operational’ lots which are used extensively for public recreation purposes. Similarly, there are numerous lots classified as ‘community’ which provide only limited public use. The identification of current and future recreational, community and open space areas should be based on an assessment of asset utilisation, demographics, cost and appropriateness rather than by the historic classification. Accordingly, community needs for recreational, open space and community assets is more effectively determined through adopted strategies, in particular Council’s *Strategic Plan* and *Community Facilities Strategy* which has been endorsed by Council following an extensive public engagement process. This approach will empower Council to effectively respond to changing community needs and population growth and ensure the correct mix of community assets is preserved.

It is Council’s intention that the ‘operational’ classification be used as the default classification for all future land acquisitions to maximise flexibility and return to the community.

**PROPERTY CATEGORIES**

Wyong Council provides an extensive and diverse array of services including sewer and water, roads, footpaths and drainage, maintenance of public recreation areas (parks, sporting fields, beaches), garbage collection, libraries and art spaces, child care centres, community halls, street furniture and waterways management etc. Council also utilises property assets for administrative functions and for the generation of revenue.

Accordingly, property assets are used and deployed in many different ways in order that Council can provide effective services. At the most fundamental level, and for the purpose of defining policy, property assets may be held for **operational** (i.e. essential for service delivery)and **non-operational** (not required for service delivery)reasons.

*NB: It should be noted that the categorisation of property in this Strategy as* ***operational*** *or* ***non-operational*** *is distinct from the formal classification of land pursuant to the Local Government Act.*

**OPERATIONAL PROPERTY**

The operational reasons for holding property are varied and often multi-faceted. Operational property has a direct nexus to Council’s service delivery, either by direct means (use and occupation by Council) or through co-operation/partnership with community groups, businesses or private sector organisations. Operational property falls under one of the following categories:

1. Community Services Property
2. Administration Property
3. Infrastructure Assets

*Community Services Property*

The Council uses and occupies property in order to provide direct services to the community, such as libraries, child care centres, parks and open spaces, sport and leisure facilities, etc. Property assets held primarily for the provision of Council services to the community are referred to as Community Services Property.

Council also makes properties available, sometimes on preferential lease terms, to outside organisations so that they can provide services which supplement or enhance Council’s service delivery. These include organisations such as charities, volunteer support groups, community organisations and registered social organisations/clubs. Examples of Indirect Community Service Properties include community halls, youth centres, ‘men’s sheds’ and Senior Citizens halls, etc. Working with external organisations to address some community service needs provides a cost-benefit to Council by reducing resource allocation. By making properties available to others on preferential terms Council can often generate or leverage funding from external sources.

The value of the concessions given to community service providers should be accurately determined to give a true indication of the cost-benefit of making the property assets available on non-commercial terms. Factors to be considered in assessing *Community Services Property* include:

* The nature, need and effectiveness of the services provided (eg counselling, career guidance and youth services in high unemployment areas).
* The suitability of the asset for income-generating commercial uses (Does the design, age, location or size of the asset restrict commercial uses).
* The capacity to co-locate some commercial activities in the same building without impacting on service delivery.
* The impact on Council resources if the asset was not available for community service providers (eg increased anti-social behaviour, increased resource burden needed to fill service gap, etc.).

The use, development, acquisition and disposal of *Community Services Property* will in future be managed in accordance with Council’s *Community Facilities Strategy* and this *Property Strategy*. Annual assessment of all *Community Services Property* will be undertaken using the *Review of Asset Portfolio* (*RAP) Assessment Tool.* However, it is deemed essential to record what the nominal commercial return is for all Community Services property to understand the economic loss and ensure transparency in Council’s decision making.

*Administration Property*

Council occupies property in order to house office and administrative functions which support direct service provision. This includes support service staff within operational directorates. Examples of *Administrative Property* include the Civic Centre, depot, administration buildings and externally leased commercial space used by Council staff.

The *Administrative Property* needs of the Council will vary over time due to fluctuations in the operation of Council-owned businesses, overall staffing levels and the funding of various services. The variable nature of administrative requirements means that Council-owned office space must be efficiently used and flexible.

The utilisation rate, cost and efficiency of Administration Property assets must be a core focus of reporting and benchmarking. Annual reporting will indicate:

* Utilisation – space per FTE
* Vacancy rates
* Asset operating costs/lifecycle analysis – including accurate cost recovery
* Industry benchmarks
* Analysis of externally leased administration space
* Forecast growth/contraction in space requirements
* Alternative options
* Nominal commercial returns and yield
* Economic losses.

*Infrastructure Assets*

Council uses and occupies property to accommodate infrastructure assets used to deliver services to the community. A wide range of infrastructure types are located on Council property and may include assets both above and below ground. Above ground improvements include sewer pump stations, waste management facilities (both current and former), Council depot and administration facilities. Below ground assets are generally not visually discernible however, ownership of the land is held to protect and facilitate ongoing maintenance of the assets e.g. drainage, water and sewer. Property may also be held immediately adjacent to infrastructure assets to act as a buffer between neighbouring land uses e.g. a sewage treatment plant or to make provision for future expansion of the assets e.g. road widening.

Council must take a strategic and commercial view when making decisions in relation to capital expenditure on infrastructure assets located on Council’s landholdings. Opportunities may arise to relocate infrastructure to other sites thereby making a property holding surplus or otherwise ‘engineer’ solutions which can facilitate future development or sale of the site e.g. piping an overland flow paths or rerouting assets and making adequate easement provision.

Management of Infrastructure assets shall be undertaken in accordance with Council’s *Asset Management Strategy,* relevant *Asset Management Plan* and this *Property Strategy*.

**NON-OPERATIONAL PROPERTY**

Council holds land for certain non-operational purposes, primarily for income generation or preservation of natural or heritage assets. *Non-operational Property* does not have a direct nexus to core service delivery but does play an important role in function in terms of generating financial return. The non-operational properties have been divided into three (3) sub-categories, for the purposes of defining policies. These three sub-categories are:-

* Commercial Property
* Development Sites
* Legacy Land

An outline of what sort of properties fall into each of these categories, is set out below.

*Commercial Property*

Population growth is expected to place considerable pressure on Council’s balance sheet over the coming years as Council works to renew existing aged assets and develop infrastructure and community assets for new land release areas. Whilst there are mechanisms for Council to collect private sector contributions for new infrastructure (such as s94 Contributions) significant service delivery funding challenges will arise if rates collection is to remain the primary source of revenue generation.

Council has a vast property portfolio which has considerable potential to generate a commercial return. Through the creation of a *Commercial Property* portfolio Council will be able to diversify its revenue base and generate a sustainable income stream to assist in future service delivery. *Commercial Property* assets are not linked to service delivery and can be sold, purchased or leased without impacting on the delivery of Council services. Examples of Commercial Property include office space (not occupied by Council), residential dwellings, industrial units, retail shops, the Lake Haven Cinema complex and Buttonderry Waste Facility lands.

It is intended for Council’s Commercial Property assets to be managed by Council’s Property Management Unit. External property managers may be engaged in certain circumstances where a particular expertise is required or there is a cost-benefit to Council in accessing these skills.

Performance of the *Commercial Property* portfolio will be measured and tracked to give transparent reporting on matters such as property valuation, income, vacancies, outgoing expenditure/recovery, and return on investment (yield and internal rates of return). The objective of Council is to accumulate *Commercial Property* assets which are institutional grade investments with sound tenant covenants, long lease expiries, strong rent reversion and capital appreciation.

Through ownership of *Commercial Property* assets, Council can influence the commercial vitality and viability of the Shire as it grows and develops. Apart from revenue generating benefits *Commercial Property* assets also have the capacity to aid employment generation and attract new investment and business to the Shire. Assets in the *Commercial Property* portfolio will be created through property development activities or the acquisition of institutional-grade investment properties.

*Development Sites*

Council must make adequate provision for future infrastructure and service delivery needs taking into consideration significant population growth over the next decade. For this reason it is prudent for Council to hold or acquire land for future regeneration. Many of the areas of land that fall into this category have not yet been identified with any particular development or regeneration scheme or project, but are strategically placed. It is reasonable to expect sites in the North Wyong area to be the priority for the acquisition of lands due to the undeveloped nature of major blocks of land.

*Development Property* is land that is expected to be improved through development (by Council or others) at some point in the future. By planning to secure a strategic Land Bank, which provides for future service delivery needs and revenue generation, Council will be able to acquire sites at a competitive price with significant potential for uplift in value (through rezoning and capital appreciation).

Examples of Development Property include Iconic Sites, sites held in population growth corridors, The Wyong Education and Business Precinct, land identified for the proposed Central Coast Regional Airport, residential zoned land in the Warnervale Town Centre and rural lands in Bushells Ridge.

*Legacy Lands*

Council owns or manages significant lands which are held primarily for the purpose of preserving the natural or heritage environment or have a history for why Council owns it. Legacy Lands are not intended to attract intensive use and may be constrained limiting development.

Examples of *Legacy Lands* include asset protection zones, fire trails, bio-banking and off-setting sites, lake and coastal protection zones, waterways and registered heritage sites.

The maintenance of Council’s *Legacy Lands* portfolioconsumes significant financial resources on a recurring basis. Council must explore opportunities to reduce the maintenance costs through measures such as co-located commercial uses, the creation and sale of bio-banking credits, development of eco-tourism opportunities and strategic partnerships with the private sector and community groups (for example Landcare groups).

This land will be managed in line with this *Property Strategy*.

## What does this Property Strategy aim to achieve?

### Our Property aim

The Council’s vision for its property over the next 15 years is to establish a commercially managed property portfolio which:

* Meets current and future community needs that enables the efficient delivery of services
* Is in satisfactory condition with no maintenance backlog and fit for purpose
* Is commercially sustainable
* Has its commercial performance regularly reviewed using agreed criteria
* Facilitates economic and physical regeneration but without sterilising capital tied up in assets which are being held without a firm future purpose
* Maximises the commercial potential for Council to influence the economic and cultural outlook for the Shire either through strategic purchasing, development or other land use decisions
* Capitalises on co-location opportunities with the private sector and exploits the synergies of partnerships, especially where this promotes operational efficiency or improved service delivery
* Provides best value for money and minimises costs
* Is rationalised wherever possible, releasing capital which will be reinvested through the Property Reserve
* Allocates investment in future property according to a robust commercial framework.

## Strategic Property Objectives

The key broad objective of this *Property Strategy* is to enable the Council to meet its commercial objectives and to provide a foundation for investment into future property to improve Council’s financial sustainability. Other objectives include:

### Objective 1: Providing the Services Required by Residents

By focusing on commercial outputs and outcomes

By ensuring assets are maximised in the use

By applying best value asset management principles

### Objective 2: Optimising the Service Potential of Assets

Through commercial management of the existing asset base

Through improved flexibility of the asset base

By using land economics criteria for more cost effective service delivery

### Objective 3 - Maximising Value for Money

By taking account of the full commercial costs of acquiring, holding, using and disposing of assets throughout their life cycles

Through commercial partnerships with the private sector/partner agencies

### Objective 4 - Contributing to Economic Growth

Through meeting service delivery demands by providing the right assets in the right location in the right amounts

To establish commercial criteria for all asset improvements to ensure efficient service delivery to the residents of the Shire

### Objective 5 - Assigning Responsibility and Accountability

By clearly defining Council’s ownership and control of assets

By determining and communicating accountability and commercial responsibilities throughout each step of the integrated approach to asset management

### Objective 6 - Promoting Balance Between Development and Sustainability

By minimising demand of new assets through the use of non-asset service delivery alternatives where appropriate

By making asset decisions that consider the commercial outcomes while protecting the needs of future generations

### Objective 7 – Using Council Property to Influence Private Development

New and renewed assets should be good examples of commercially viable and efficient, sustainable architecture

Council should use its property asset base where possible to leverage desired land use and optimum built form by private development

# Key Outcomes

Council aims to achieve the following outcomes through the Property Strategy:

### Balancing Commercial and Community Benefits

* Services and assets that are self-funding or revenue raising while still meeting current and future community needs
* Innovative ways of providing services and sharpening the commercial focus on property as a means of getting services to users as opposed to ownership being an end in itself
* Modernisation of service delivery to reduce costs
* A network of popular and flexible community centres that generate revenue for Council
* A sustainable built environment that accommodates a growing population
* Places and spaces and support for the wellbeing of the community while being fit for purpose.

### Maximising the Value of Property Resources

* Raise the profile of property management and introduce commercial property thinking into all resource decisions at all levels of the organisation
* Effective stewardship of Council’s property assets so they are given a commercial value
* Best value in property management
* Review holdings and challenge the need to retain property
* Financial strength and asset growth.

## How will Council achieve this vision?

### Property Strategies

In order to achieve the Strategic Property Objectives, Council’s Corporate Property Strategy is to:

***Strategy 1*** *- Hold, plan and strategically manage all property assets commercially in one corporate location*

***Strategy 2*** *– Strengthen the function of Corporate Property Services in the day-to-day management of all property*

***Strategy 3*** *– Support best value property management procedures*

***Strategy 4*** *– Promote accountability and commercial thinking for use of all property resources*

***Strategy 5*** *– Continually review the property portfolio to determine commercial performance, utilisation and need*

***Strategy 6*** *– Measure the commercial performance of all property to identify non-performing assets and to inform and ensure objective decision making*

***Strategy 7*** *– Continue to resource and improve the efficient accessibility and sustainability of all Council properties*

***Strategy 8*** *– Explore innovative ways of providing services incorporating both property as well as non-property based solutions*

***Strategy 9*** *– Collectively and corporately maintain adequate property data to enable efficient commercial asset management and planning*

***Strategy 10*** *– Align assets with service and commercial expectations*

***Strategy 11*** *– Invest in property that captures the benefits of growth for the community*

***Strategy 12*** *– Promote sustainable development objectives*

***Strategy 13*** *– Identify properties which are surplus to requirements as soon as possible and refer to Council for consideration.*

### Critical Success Factors

The critical success factors of this new strategic approach to property are:

* Capital tied-up in surplus and non-performing assets is minimised
* Investment in property delivers the maximum commercial return on investment to Council
* Council’s property portfolio is utilised in a fashion which maximises economic benefit to the community
* A robust and transparent system of data capture, commercial performance measurement and reporting is adopted
* The property portfolio is structured in a manner which maximises flexibility and reduces unnecessary administrative burdens
* Property decisions are well informed commercially and based on clear business objectives.

# Implementation Framework

Council has developed supporting guidance material to ensure that each part of the Property Strategy is properly implemented to achieve the objectives articulated. Further, a number of initiatives have been identified for implementation to ensure the strategic aims and outcomes are delivered.

The implementation components of this strategy include:

### Adoption of Property Strategy

Prior to adoption by Council this Property Strategy will be placed on public exhibition for community consultation and feedback.

### Adoption of Policy for Property Transactions

A policy has been developed to provide guidance and transparency around property transactions. The *Policy for Property Transactions – Sale and Acquisition of Land* outlines the procedural requirements for the sale of Council-owned land and acquisition of new Real property assets. This policy sets important parameters on matters such as the appointment of agents and methods of sale, establishes clear and transparent procedures to ensure Council maximises the revenue from property transactions and restricts practices which reduce competition and may result in unfavourable outcomes for Council.

The adoption of this policy will allow Council staff to pursue acquisitions and prepare properties for sale in a transparent and efficient manner.

### Information Management and Reporting

A commercial Property Management System (PMS) is to be implemented to ensure accurate and timely information is available to inform property decisions. The PMS will allow the creation of a consolidated property database enabling detailed analysis and reporting of property utilisation, revenue and cost. The PMS is a critical tool in delivering best practise service delivery by the Property Management Unit.

### Property Taskforce

A Property Taskforce group comprising key internal stakeholder representatives from all Council departments is to be formed to ensure all key property decisions consider the current and future service delivery needs of the Council. Council’s General Manager will appoint members of the Taskforce. The Property Taskforce will meet on a monthly basis under the guidance of the Property and Economic Development department.

### Performance Measures

A number of performance measurement tools are currently used throughout the Council to assess property utilisation, performance and development potential. These include the *Review of Asset Portfolio Assessment Tool* (RAP), EstateMaster and others.

The Property Taskforce will undertake a review of all performance assessment tools to standardise reporting and analysis. This review will:

* Ensure proper benchmarks are established to measure the commercial performance of all asset classes
* Set appropriate review dates to determine if the asset meets service delivery expectations
* Establish investment milestones and hurdle rates for commercial investments
* Standardise reporting to Council to ensure consistency and transparency.

### Surplus and Non-Performing Assets

It is imperative that Council maximise the return on capital that is invested into property assets. From time to time, the Council will identify land or property assets as being surplus to requirements. Operational properties may be considered surplus to service delivery requirements where they no longer meet the minimum performance criteria set out in the *Community Facilities Strategy* or they may be underutilised or inappropriately located leading to inefficient service delivery.

Non-operational property assets are surplus if they are not aligned to the long-terms strategic needs of the Council or where they provide limited opportunity for development or commercial return. At the same time, land or buildings may be vacant and sit idle with limited potential for current or future community use or income generation.

Properties which are surplus / vacant should be divested to allow sales proceeds to be reinvested through the Council’s property reserve. This reinvestment of funds from non-performing and surplus assets will provide the opportunity to develop new community facilities or create revenue generating developments for future income.

### Review of portfolio

Council’s property portfolio is to be comprehensively reviewed to identify the following:

* Surplus or vacant properties which no longer have a nexus to current or future service delivery programs
* Property assets which are underutilised or could be repositioned for an alternate use
* Property assets which are not fit for purpose due to their condition (having regard to the cost of capital upgrade), design, size or, location
* Vacant infrastructure sites which could be divested and or rezoned for development without impacting on service delivery
* Sites which have current or future development potential (for operational or non-operational uses)
* Opportunities for commercial activities which align with the existing use of sites (for example kiosks to provide improved facilities in public recreation areas)
* Sites with high ecological value which may provide opportunities for bio-banking
* Land which is suitable for rezoning to provide an uplift in value or development potential
* Non-operational sites which are suitable for sale to allow reinvestment of funds into new property assets
* Suitable sites for the provision of future community buildings, including the viability of establishing a new ‘Service Hub’ in the north of the Shire
* Potential to co-locate future community facilities with other Council owned developments, such as a possible SMARTS hub in the Warnervale Education and Business Precinct.

The Property Taskforce will assist the Property and Economic Development department in undertaking this review.

### Reclassification of Council Lands

As outlined in this Strategy it is recommended that all land currently classified as ‘community’ land pursuant to the Local Government Act be reclassified as ‘operational’ land to give Council greater flexibility in managing the property portfolio. The reclassification process will need to follow the requirements outlined in the Act.

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### Land Banking for Future Service Delivery Needs

With significant population growth and greenfield land releases planned for the Shire it is important that Council understands commercially and articulates the property assets needed for future service delivery. A significant proportion of community facilities in future land release areas including parks and recreational areas and roads and drainage reserves, will be funded by developers or through s94 Contributions Plans however, this only provides a partial solution to meet community needs. Council will need to find suitable sites for the creation of future facilities and therefore appropriate land banking opportunities should be pursued to position Council to provide these services in the most cost effective manner.

The identification and acquisition of land banking opportunities will be managed through the Property Taskforce.

### Acquisition of Strategically Important Land Assets

Council has resolved to pursue several key catalyst developments, in particular the Central Coast Regional Airport and Wyong Education and Business Precinct, which will provide regional economic stimulus and employment generation opportunities. Council also owns a number of iconic sites which provide strategic development opportunities throughout the shire.

Land acquisition opportunities which are aligned to deliver these catalyst projects or provide new opportunities for strategic development will arise from time to time and will be taken up by Council staff. These opportunities may include sites adjacent to existing development sites, lots which may improve serviceability or access of future development parcels or sites with high commercial value which can be used to trigger development on strategic parcels.

Strategic acquisition opportunities will be recommended to Council as they arise with funding to be provided by the Council’s Property Reserve or the 4 Year Delivery Plan funding strategy.

### Property Reserve/Funding

The Council has established a Property Reserve which will be the primary vehicle for the reinvestment of proceeds from property asset sales. The Property Reserve funds shall be used for site acquisitions and/or development of Council owned projects. Funds in the Property Reserve are for capital expenditure and are not to be used to fund service delivery.

Where capital reserves are insufficient to fund acquisitions or development then alternate funding models, including external financing, joint ventures or Public Private Partnerships may be considered. The evaluation of alternative funding models will be done on a project-by-project basis.

The objective of the Property Reserve is to provide a sustainable funding model for all future Council-owned property activities. To ensure sufficient funding is available it is critical that capital currently tied up in non-performing or surplus assets is released for strategic reinvestment.

### Development Sites

Council owns or has identified a number of potential development sites which provide significant potential for future revenue generation, employment growth and economic stimulus. These include Iconic Development sites in the major commercial centres of Wyong, Toukley and The Entrance, the Warnervale Education and Business Precinct and the proposed Central Coast Regional Airport. The Property and Economic Development department will work to secure development consents for these sites (and others) where this will result in an increase in value to Council.

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### Implementation Program

The Implementation program for the key Property Strategy outcomes is shown below:

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| --- | --- |
| **Task** | **Target Completion Date** |
| Adoption of Property Strategy | Complete |
| Adoption of Policy on Property Transactions | Complete |
| Implementation of PMS | 30-Jun-14 |
| Establish WSC Property Taskforce | 5-May-14 |
| Review and Standardise Performance Measures and Reporting | 31-Jul-14 |
| Identify Surplus and Non-Performing Assets | 30-Jun-14 |
| Comprehensive Portfolio Review | 30-Aug-14 |
| Reclassification of Community Land Stage 2: Planning Proposal – Council report Preparation of Planning Proposal Planning Proposal submission to DoPI Government Agency referral Public Exhibition Council endorsement Notification of LEP | 30-Jun-1430-Jul-1430-Aug-1430-Oct-1430-Nov-1430-Mar-1530-Jun-15 |