



**WAVERLEY COUNCIL
PROPERTY STRATEGY
2020 - 2024**

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1. INTRODUCTION

Waverley Council (Council) is responsible for the management of property including land and built assets across the 9.2km² of the local government area. Council's Land and Building portfolio has a value of \$583 Million, of which \$156 million is Crown Land, including the buildings upon it.

Purpose

The Property Strategy formalises Council's approach to the strategic management of its property portfolio and aligns Council's organisational objectives with its service delivery objectives and community expectations. Application of this Property Strategy will enable Council to best realise the value and benefits from its properties, whether in financial or service delivery terms, and will enable Council to meet the needs of the community as they evolve over time.

The Property Strategy will assist Council in minimising risk and guiding future strategic decision making, investments and budget allocations in relation to its property holdings.

Scope

This Property Strategy applies to all Council property assets (land and buildings), that are either Council owned or managed (including Crown land), whether in full or part, or occupied by Council as lessee.

Council's Open Space and Recreation Strategy (OSRS) should be referenced in relation to land use matters relevant to Council's Parks and Reserves.

Council's Strategic Asset Management Plan (SAMP) should be referenced in relation to the condition ratings of Council's building assets.

Council owns considerable road assets which are not included in the scope of this Strategy. Council-owned roads are managed through Council's Strategic Asset Management Plan (SAMP).

2. CONTEXT AND BACKGROUND

Strategic Framework

The Property Strategy forms part of Council's strategic planning and integrated reporting framework providing strategic direction to assist in the implementation of Council's Community Strategic Plan 2018-2029.



Previous Strategy

Council has previously managed its property portfolio by adopting the Investment Strategy 2 (2007-2017). Work on developing a new strategy was delayed due to proposed Council amalgamations. As it has subsequently been decided that Waverley will be remaining as a stand-alone Council, it is now imperative that it moves ahead to introduce a Property Strategy and planning framework as a priority.

The Property Strategy 2020-2024 will serve as the highest level of planning and lay the path for the future development of additional policies, plans and procedures in the property area.

3. PROPERTY CLASSIFICATIONS AND CATEGORIES OF USES

3.1 PROPERTY CLASSIFICATIONS

Council Owned Land

All Council owned land must be classified as either Community Land or Operational Land.

Community Land

Community Land includes land intended for public access and use including public reserves and is managed under the Local Government Act 1993.

Community Land cannot be sold; cannot be leased, licenced or any other estate granted over the land for more than 21 years (other than in exceptional circumstances); and must have a Plan of Management (POM) prepared for it. Community Land maybe reclassified as operational land to meet future service requirements via an amendment to the Local Environment Plan

Operational Land

Operational Land does not have any special legislative restrictions other than those that may apply to any piece of land e.g. Planning.

Land classified as Operational includes commercial and residential property (either held for capital gain or providing rental yields).

Council Owned Public Roads

In accordance with the Roads Act 1993, Council is the Roads Authority in relation to public roads within the Waverley Local Government Area. Public roads mean any road that is opened or dedicated as a public road, and any road that is declared to be a public road, within the meaning of the Roads Act 1993.

Crown Reserves (Council as Land Manager)

The management of Crown Land is governed by the Crown Land Management Act 2016, which authorises Council to manage Crown Land as if it were Public Land under the Local Government Act 1993.

Council, in its capacity as a Manager of Crown Land, is required to create a new or amend an existing Plan of Management, for these lands under the provisions of the Local Government Act 1993.

Properties Leased / Licensed from Others

Council may lease or license properties from other parties where:

1. The property or part of the property being used by Council will contribute to Council meeting its statutory, service delivery and/or community requirements;
2. Council possesses the required resources and capability (which may be supplemented by external parties as required) to manage the property or part thereof; and
3. Ownership of the property would be impractical, inappropriate or otherwise problematic. This may be due to a pre-existing arrangement, or as a result of Council determining the value to be realised from leasing / licensing being greater than the value that could be realised if Council were to assume ownership of the property, or similar reason.

Examples of properties currently being leased / licensed by Council include the Grafton St Office, Public Place Cleansing depot under Syd Einfeld Drive, Waverley EEC and Grace Childcare buildings.

3.2 CATEGORIES OF USES OF COUNCIL PROPERTY

Council has categorised the uses of its property portfolio in the following terms.

Direct Community Services Property

Properties that provide services directly to the community are those which are occupied, visited and used by members of the community as part of a particular Council service as well as those properties where Council engages with the community as part of a Council service.

The types of properties that directly provide community services include: Library, Community Halls, Community Service Centre, Social and Affordable Housing, Child Care Centres, Park / Open Space Area, Recreation Centre.

Indirect Community Services Property

Properties that provide services indirectly to the community are those which are utilised by a service provider such as community partners, charities, not-for-profit organisations that deliver the service to the community.

These properties are typically owned by Council and made available to the service provider on a lease or license basis. Depending on the overall value that can be realised from the property and the service provision being offered, Council may elect to make the property available on preferential lease terms such as subsidised rent, to attract the most appropriate service provider. Such concessions on preferential lease terms may also be used to attract funding from external sources.

Council Operational Services Property

Operational services properties are those which accommodate Council staff who oversee, manage and deliver Council's administrative and support service functions relating to direct service delivery.

The types of properties that directly provide community services include the Council Chambers, Administration Offices and Depots.

Commercial Property

Commercial property relates to the use and management of land or assets where the primary purpose is an investment for the generation of revenue. A key financial objective for commercial properties will be to achieve self-sufficient operation and to supplement the funding of the operation, management, maintenance and capital requirements for Council's other services.

Properties of a commercial nature may also include a provision for community benefit, albeit this secondary function may not always apply. It is preferable, however, to maximise opportunities for community benefit wherever practical to maximise the overall value being realised.

Council will generally determine which of the above applies during the planning stage of new developments. Council may recategorise the use of a property to meet service requirements as required. Where buildings accommodate multiple uses, the property will be designated according to the primary or majority use.

In addition to the four usage categories outlined above Council property may from time to time become and be categorised as vacant. Where a property remains vacant for an extended period Council may declare property as surplus and therefore redundant to needs. Where a property is identified as redundant a decision will need to be made regarding the most appropriate action to take for the property, for example disposal, development or other action. This decision should take into consideration not only the financial implications but also the impacts to the current and future members of the community.

4. OBJECTIVES, KEY PRINCIPLES AND STRATEGIC ACTIONS

Council has structured its Property Strategy by adopting the following elements:

Element	Description
Objective	What will be achieved (by adopting the Key Principles and performing the Strategic Actions)
Key Principles	How the Strategic Actions will be performed
Strategic Actions	What property management activities will be performed to meet the objectives

4.1 OBJECTIVES

Council has defined Strategic Property Objectives which represent the tangible outcomes that will be realised from its property management activities. The Objectives are expressed in such a manner that future outcomes can be measured and monitored over time so as to inform Council in relation to whether the Property Strategy or actions need to be adjusted.

Council will manage its property portfolio in accordance with the Key Principles and achieve the following Objectives:

- ensuring its property management practices are consistent with Council’s strategic goals, as defined in its Community Strategic Plan;
- meeting community needs and expectations taking into consideration future trends and changes in community demographics;
- ensuring properties are safe, secure and compliant with relevant legislation and other regulatory obligations including Council policies, procedures and guidelines;
- ensuring properties are maintained in accordance with best practice strategic asset management principles, with all buildings being maintained such that their condition ratings are either very good, good or fair as defined in Council’s Strategic Asset Management Plan; and
- ensuring that Council’s property portfolio is managed in a financially sustainable way that optimises the balance of both commercial and community outcomes specific to each property.

4.2 KEY PRINCIPLES AND STRATEGIC ACTIONS

Council will adopt the following Property Management Key Principles to ensure good governance, practice and outcomes. Strategic Actions have been identified which will be undertaken in accordance with relevant Key Principles, thereby ensuring Council meets its strategic Objectives for the property portfolio.

Key Principle 1 – Best practice property management which is regularly reviewed and improved

- Council will adopt property management practices that are based on good governance, ethical behaviour and can be transacted in a transparent and accountable manner;
- Council will continuously monitor and review its property management performance to ensure Council has the necessary current and relevant information on which to base its decisions;
- Council will consider short, medium and long-term implications of property projects when undertaking an acquisition, disposal, proposal for alternative use or refurbishment of Council property; and
- Council will make property decisions with consideration of the financial, social, environmental and economic performance of a property.

Action 1 – Establish officer led Strategic Property Working Group to oversee the delivery of Council’s Property Strategy

Action 2 – Develop a suite of new property related Policies and review / update existing policies, to support the delivery of the strategy (See Property Policy Register Appendix 1).

Action 3 – Carry out a review and audit of Council’s Property and Land Register to ensure accuracy of information.

Action 4 – Carry out a review of Council’s Asset Register for buildings and land to ensure valuations are consistent with identified Fair Value.

Action 5 – Investigate options for a Property Management System and then establish the system to improve the effectiveness with which Council manages its property portfolio.

Action 6 – Carry out a Council Staff Accommodation Review, to investigate agile working opportunities within Council’s property portfolio, to provide optimal staffing and service levels to meet future needs.

Action 7 – Develop Plans of Management for all Council owned and managed Community and Crown Land.

Action 8 – Undertake a high-level analysis of Council’s property portfolio to develop a list of priority projects requiring further review or Council determination.

Action 9 – Include the Strategic Actions identified in the Property Strategy as part of future Delivery Programs and Operational Plans, so that progress in the delivery of actions can be tracked.

Key Principle 2 – Maximisation of the overall value of Council property, in terms of both commercial value and community outcomes

- Council will manage its property portfolio in a financially sustainable way, to optimise value, whether through maximising investment yield, delivering quality community outcomes or through a combination thereof.
- If Council is unable to maximise investment yield, consider alternate uses for commercial property through other strategies such as redevelopment or disposal.
- Council will maximise utilisation of property assets through the collocation of services in multi-use facilities wherever possible.

Action 10 – Carry out a review of the performance of Council’s Commercial Property Portfolio to include valuations, yield, classifications, zoning and options for potential future development.

Action 11 – Carry out an audit and review of Council’s community tenancy properties and services.

Action 12 – Develop an operational management model for both the newly renovated Bondi Pavilion and Boot Factory buildings in time for their reopening. The model should prioritise community outcomes whilst balancing the requirement to generate funds to contribute to the operational costs and maintain the buildings at an appropriate standard.

Key Principle 3 – Community and stakeholder needs are sought, and expectations are met

- Council’s property portfolio will be managed and maintained to meet community needs and expectations now and into the future.
- Council will consult with the community, tenants and other stakeholders on all major property projects and act in a responsive manner when dealing with feedback.
- Council will partner with external organisations and agencies where appropriate to optimise community outcomes and provide highest and best use.
- Council will implement Ecological Sustainability Development (ESD) principles when undertaking new developments or building upgrades.

Action 13 – Carry out condition assessments on all Council building assets as part of Council’s Strategic Asset Management Planning cycle.

Action 14 – Carry out a holistic review of Council’s social and affordable housing property portfolio and program.

Action 15 – Develop a list of remnant land parcels such as laneways and other unused road assets for possible reuse or sale.

5. IMPLEMENTATION PLAN

The 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.

The implementation of the strategic actions outlined in the Strategy will be undertaken as outlined in the table below. The Strategic Property Working Group will be responsible for the delivery of the strategy.

The Group will be chaired by a member of the Executive Leadership Team (ELT) and will include internal representatives and subject matter experts from across Council. The group will meet monthly and will provide briefings, advice and recommendations to ELT and involve Councillors through workshops and reports to Council to support delivery of the strategy. The group will engage external property consultants and financial experts on an as needs basis.

Action no.	Action	2019-2020	2020-2021	2021-2022	2022-2023	2023-2024
1	Establish officer led Strategic Property Working Group to oversee the delivery of Council's Property Strategy.	✓				
2	Develop a suite of new Property related Policies and review / update existing policies, to support the delivery of the strategy.	✓	✓			
3	Carry out a review and audit of Council's Property and Land Register to ensure accuracy of information.				✓	
4	Carry out a review of Council's Asset Register for buildings and land to ensure valuations are consistent with identified Fair Value.				✓	
5	Investigate options for a Property Management System and then establish the system to improve the effectiveness with which Council manages its property portfolio		✓			
6	Carry out a Council Staff Accommodation Review, to investigate agile working opportunities within Council's property portfolio, to provide optimal staffing and service levels to meet future needs.	✓	✓			
7	Develop Plans of Management for all Council owned and managed Community and Crown Land.	✓	✓	✓	✓	✓
8	Undertake a high-level analysis of Council's property portfolio to develop a list of priority projects requiring further review or Council determination.	✓	✓	✓	✓	✓
9	Include the Strategic Actions identified in the Property Strategy as part of future Delivery Programs and Operational Plans, so that progress in the delivery of actions can be tracked.		✓			

Action no.	Action	2019-2020	2020-2021	2021-2022	2022-2023	2023-2024
10	Carry out a review of the performance of Council's Commercial Property Portfolio to include valuations, yield, classifications, zoning and options for potential future development.		✓		✓	
11	Carry out an audit and review of Council's community tenancy property and services.	✓	✓			
12	Develop an operational management model for both the newly renovated Bondi Pavilion and Boot Factory buildings in time for their reopening. The model should prioritise community outcomes whilst balancing the requirement to generate funds to contribute to the operational costs and maintain the buildings at an appropriate standard.		✓	✓		
13	Carry out condition assessments on all Council building assets as part of Council's Strategic Asset Management Planning cycle.		✓			
14	Carry out a holistic review of Council's social and affordable housing property portfolio and program.		✓			
15	Develop a list of remnant land parcels such as laneways and other unused road assets for reuse or sale.				✓	

6. DEFINITIONS

Following are the key definitions relating to Waverley Council's property management strategy. For further technical detail on the definitions, refer to the Property Guidelines.

Acquisition	An asset or object bought or obtained by Council.
Asset	Aggregated physical form of the building or item of infrastructure. Assets may be either owned by Council or used by Council, such as in the form of a lease or license.
Building	Includes part of a building and any structure or part of a structure but does not include a moveable dwelling or associated structure; or part of a moveable dwelling or associated structure as defined in the Local Government Act 1993.
Co-ownership	Ownership of an asset whether at law or in equity in possession by two or more persons as joint tenants or as tenants in common; and co-owner has a corresponding meaning and includes an incumbrancer of the interest of a joint tenant or tenant in common.
Crown Land	Crown land as defined in the Crown Lands Act 1989 before its repeal, land that becomes Crown land because of the Crown Land Management Act 2016 or a declaration made under the Crown Land Management Act 2016, and land vested, on and from the repeal of the Crown Lands Act 1989, in the Crown (including when it is vested in the name of the State).
Disposal	The sale or transfer of an asset beyond Council.
Public Land	Land that is vested in or under Council's control.
Lease	An agreement via contract between the Lessor and Lessee that secures the use of an asset by the Lessee subject to conditions, such that the Lessee has exclusive possession of the asset and there is a fixed term of occupation with rent payable.
License	An agreement via contract between the Licensor and Licensee that secures the use of part of an asset by the Licensee for a fee subject to conditions and such that the Licensee does not have exclusive possession of the asset.
Remnant Land	Land that is generally not capable of independent development or obsolete use and include dunny lanes, road closures, excess land from old subdivisions, verge extensions or footpath widenings.
Surplus Assets	Surplus assets are assets that are considered to be of no benefit to either the community through the delivery of services, or long-term strategic property portfolio or for any other purpose Council related purpose.

APPENDIX 1

Waverley Council Property Policy Register

Property	Status	
Property Acquisitions and Disposals Policy	In development	2019-20
Leasing and Licensing of Council Managed Land Policy	In development	2019-20
Commercial Property Policy	In development	2019-20
Community Tenancy Policy (2014)	To be reviewed	2020-21
Waverley Housing for Older People Tenancy Policy (2014)	To be reviewed	2020-21
Waverley Affordable Housing Program Tenancy Policy (2014)	To be reviewed	2020-21



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