

# Policy Register

## Strategic Property Investment Policy for Strategic Property Portfolio

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Policy Classification	- City Services
Policy No.	- POL/569
Policy Status	- Current
Responsible Service Unit	- City Projects
Authorised by	- Council
Date Adopted	- 25 October 2022
Next Review Date	- 25 October 2023

*This policy is part of a suite of policies adopted by Council or the Executive Management Team (EMT).*

*New or replacement policies can be created and developed within Service Units but can only be added to Council's Policy Register by Governance Services following the approval of the policy by Council or the EMT.*

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## **PURPOSE**

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The objective of this policy is to provide the authorization environment for officers to acquire properties as part of Councils Property Investment Project (PIP).

The PIP forms part of council's Strategic Property Portfolio (SPP) Strategy which was endorsed by Council on the 26 April 2022.

The vision endorsed by council was that:

*'The Strategic Property Portfolio will provide the City of Manningham with an additional funding source to enhance services and associated infrastructure for the benefit of the community.'*

The Strategic Property Portfolio Principle that was endorsed, was for the SPP to:

*'Contribute to an alternative income stream to achieve Council's mission to be a financially sustainable Council.'*

The PIP will seek to enable Council to benefit from Capital gains from properties acquired over a period.

## **POLICY STATEMENT**

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Capital growth through the PIP is intended to provide significant capital funding, or provide sustainable financial resources, to increase Council's capacity to sustainably enhance or expand Council services to the Manningham community. It is therefore essential that Council has clear a policy and guidelines in place in respect of the type of properties purchased for this portfolio.

## **SCOPE OF POLICY**

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The scope of the policy is to provide the authorization environment for properties to be acquired as part of the PIP.

The policy also details the Strategy, Criteria and Governance framework to be applied when acquiring properties, which are detailed in document titled, *'Criteria, Strategy and Governance Framework for the Property Investment Project procedure'*.

The acquisition of a property for inclusion within the SPP will typically require that most of the investment criteria have been met.

The criteria are set out below:

- Land and/or property with value add and/or underlying capital growth potential.

- Land and/or property that has minimal ongoing management and repair and maintenance obligations that would need to be undertaken directly by Council staff.
- Land and/or property sites less than or equal to Councils allocated budget for Strategic Property Acquisitions portfolio, adopted by Council as part of the annual Capital works program.
- Land and/or property sites that can be held for a period that allow a level of capital growth / return on the property (anticipated to be at least 5% per annum) that reflects Council's ability to be a patient landowner and create value over the medium term (i.e. 5-10 years).
- Land and/or property sites that located within Victoria, with a preference for properties within Manningham; and
- Land and/or property sites that can be exited / disposed of quickly and easily where necessary without a major risk of significant loss of capital investment.

## **RESPONSIBILITY**

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The process for undertaking acquisition in line with policy is identified in document titled, '*Criteria, Strategy and Governance Framework for the Property Investment Project*'. The key groups involved in implementation of the process are policy are:

- **Independent Property Advisor** – The independent property advisor undertakes the market research to provide current opportunities to the project team and analyses the alignment with the acquisitions criteria.
- **Project Team** – Reviews the opportunities presented and works with Councils subject matter experts to make recommendations to the Acquisitions Panel.
- **Acquisitions Panel** – The acquisitions panel reviews the recommendation in line with the governance frameworks, due diligence and provides recommendations to the CEO for approval.
- **The CEO** – Approves acquisitions and executes the relative acquisition documentation for Council. The CEO will be supported in the final decision making by an Independent Property Specialist, to undertake final due diligence that recommendation by the acquisition panel is viable and meets the Policy and framework.
- **Project Control Group** – Supports the SPP by providing expert advice on strategy, identifying risks and review proposed changes to the policy, criteria, strategy, or governance.

### **Probity**

An independent probity advisor is appointed for the project and will be involved in reviewing the recommendations put forward by the project team and acquisition panel.

### **Property Investment Advice**

Council's Property Investment Advisor must be suitably qualified by industry standards to provide the necessary advice. The Advisor must be an independent person who has no actual or potential conflict of interest in relation to investment decisions and the strategy being recommended.

Any property identified through an independent source or alternatively via a third-party agency must be subject to a full review by Council's Property Investment Advisor.

### **Community engagement on purchases.**

In accordance with Council's community engagement policy, Council will inform the community once the purchasing transaction has been complete, consistent with the IAP2 spectrum.

This will provide the community with information to assist them in understanding the opportunity the purchase has provided to council.

### **Purchasing transacting**

Upon approval to purchase the property by the CEO, Council will utilize the services of an undisclosed agent to complete the purchase on behalf of Council. This will ensure best value to Council and community and minimize the risk of price escalation if Council is a known party to the transaction.

## **DEFINITIONS**

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- SPP – Strategic Property Portfolio.
- PIP – Property Investment Project.

## **RELATED POLICIES**

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- Community Infrastructure Plan (CIP).
- Livable City Strategy (LCS).
- Council's Community Engagement Policy.

## **SUPPORTING PROCEDURES**

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- Criteria, Strategy and Governance Framework for the Property Investment Project Procedure.

## **ACTION PLANS**

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None.

## **GUIDELINES**

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The policy is to be reviewed annually for currency.

The policy is valid for an initial period of 1 year and is renewed automatically each year when Council adopts the annual Capital Works program and allocates funding for Strategic Property acquisition project.

## **RELATED LEGISLATION**

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The *Local Government Act 2020* (the Act) sets out Council's powers in relation to land. Part 4, Division 4 of the Act details Council's powers and obligations regarding:

- Acquisitions and compensation
- Creation of easements
- Restrictions on power to sell or exchange land
- Lease of land
- Transfer, exchange, or lease of land without consideration

In addition to these legislative obligations, the purchase or sale of land must also be undertaken in accordance with Council's relevant Instruments of Delegation, namely the Instrument of Delegation from Council to the Chief Executive Officer as amended from time to time, and the Instrument of Sub-delegation from the Chief Executive Officer to Council staff.

## **SUPPORTING RESEARCH AND ANALYSIS**

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This policy has been developed in-line with Council direction to develop the property investment portfolio.

The policy has been endorsed by a project control group from departments and stakeholders across Council and developed using best practice.

Extensive market research undertaken by Council officers and external consultants has been undertaken in the development of the policy.

## DOCUMENT HISTORY

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<b>Policy Title:</b>	Strategic Property Investment Policy for the Strategic Property Portfolio
<b>Responsible Officer:</b>	Krishen Soobrayen
<b>Responsible Officer Position:</b>	Manager City Projects
<b>Next Review Date:</b>	25 October 2023
<b>To be included on website?</b>	Yes

Last Updated	Meeting Type - Council or EMT	Meeting Date	Item No.
25 October 2022	Council	25 October 2022	