

PROPERTY MANAGEMENT POLICY

Policy Type:	Council
Responsible Department:	City Development
Responsible Officer:	Manager Assets and Operations
Related Policies and Procedures	Disposal of Surplus Non-Community Land Policy
Community Plan Link	<p><i>Community Living:</i> 1.1 Our Community is active, healthy and feels safe.</p> <p><i>Civic Leadership:</i> 4.1 We have strong leadership and governance. 4.2 Our business systems are effective and transparent.</p>
Date Adopted	23 July 2007; C140/07
Last review date	27 January 2021; C0424/21
Next review date	January 2024
Reference/Version Number	Version 5
ECM Doc set I.D.	2167028

1 PREAMBLE

- 1.2 This Policy outlines the management of and setting of fees for the lease / license of Council owned properties in line with a series of pre-defined Guiding Principles.

2 SCOPE

- 2.2 This Policy applies to all Council owned facilities that are leased or the subject of a license.

3 POLICY PURPOSE/OBJECTIVES

- 3.2 To identify a standardised assessment method when establishing lease and license fees for Council owned properties.
- 3.3 The City of Unley supports a Property Management Policy that is:
- Standardised
 - Equitable
 - Transparent
 - Easily and consistently applied
 - Easily understood and defensible

- Assists in delivering strategic objectives
- Recognises the Lessee

4 ROLES AND RESPONSIBILITIES

4.2 This Policy will be administered on behalf of Council by the:

- General Manager City Development
- Manager Assets and Operations
- Senior Assets and Engineering Lead
- Coordinator Property & Facilities

5 POLICY STATEMENT

5.2 Council will develop and utilise a structured and consistent approach to the management and asset management of Council's building assets.

5.3 *Building Assets of Council*

5.3.1. Two categories of building assets are considered within this Policy:

- **Civic, Community and Recreation Assets** – such as libraries, community centres, halls, cultural development centres (e.g. art, theatre and craft) or sporting facilities such as tennis courts, bowling clubs, ovals, etc.
- **Commercial Assets** – offices, retail shops, residential properties that have been acquired for the purposes of achieving a strategic community or economic objective.

5.4 *Guiding Principles for Property Assets*

5.4.1. The Guiding Principles of Property Assets for Council are:

- **Principle 1 – Equity across the community**
A balanced approach is taken ensuring that residents across the community have equal opportunities for required services.
- **Principle 2 – Sustainable assets**
Assets are designed and maintained in a manner cognisant of a triple bottom line outcome (financial; environmental; social) and utilising a life cycle approach.
- **Principle 3 – Risk sensitive**
Asset based decisions are done so in a manner where risks are identified, understood and managed (Health, Safety and Welfare; Business Performance and Service Delivery; Reputation; Infrastructure; Environment; Financial).
- **Principle 4 – Strategic consistency**
Assets related to services are planned and maintained within an integrated planning framework.
- **Principle 5 – Functional and Service Level**
Assets are designed and maintained to ensure they are fit for purpose, meeting the agreed Level of Service.

- **Principle 6 – Compliant**
Assets are designed and maintained to meet compliance requirements at a minimum.
- **Principle 7 – Innovation and improvement focused**
Alternative methods of providing services/assets are regularly examined, and improvements considered, ensuring “best value” options are applied.

5.5 **Community, Recreation, Commercial and Strategic Assets**

5.5.1. Lease or Licence Management

Definition

- A lease or license is defined as any rental or licensed use agreement whereby Council allows any of its properties, in whole or part, to be used regularly for in excess of six months by any organisation.
- Leasing refers to the exclusive use of a property or facility by a group whilst licencing relates to shared use of a property or facility.

Scope

- Properties subject to lease or licence may include halls, cottages, open space, institutes/community centres, playing fields, clubrooms, car parks, spectator facilities, courts (and/or any combination of the above) or commercial properties.

Objective

- Council will attempt to secure the optimum return, including cost recovery for specialist services (ie – pitch preparation) on leasing and licensing of community facilities without jeopardising the viability of services.
- Council will attempt to secure the optimum return on all commercial facilities.

5.5.2. Process

New and Renewal Lease or Licence

- The City Development Department will (in conjunction with Community Services Department and the tenant) undertake a rent review three (3) months prior to the expiration of the current lease or licence and undertake appropriate negotiations with the tenant.
- If the Tenant and the Administration agree on all terms and conditions of the proposed Lease or License, the Administration has delegated authority to formalise the Agreement.
- Details of all Leases and Licenses formalised under delegation shall be reported to Council on a quarterly basis.
- Should the Tenant and Administration not be able to reach agreement on the proposed Terms and Conditions of an Agreement or the Tenant wishes to address Council, a report shall be prepared for the next convenient meeting of Council.

5.5.3. Asset maintenance

- Lease documents will include clear responsibilities for lessees to maintain the asset in accordance with asset management plan for the building or

make the necessary financial contribution through the lease fee to meet such maintenance costs.

5.5.4. Legislation

- The administration of community leases must take account of any relevant Community Land Management Plans and Sections 196 and 202 of the *Local Government Act 1999*.

Asset Management

- Council is committed to undertaking a regular asset audit of all its buildings for the purposes of identifying short, medium and long-term maintenance and capital expenditure in line with the legislative and risk management objectives of the Asset Management Plan and the Guiding Principles.

5.6 **Assessment Procedures**

5.6.1. Determination of Tenant Category

- The City of Unley recognises three distinct types of organisation when considering leasing and licensing:
 - local community – services and activities focused on the Unley community
 - state-wide / peak body – community services provided across South Australia, perhaps as a ‘peak body’
 - commercial – income generation as prime focus
- When determining which tenant category is appropriate when considering a proposed lease or license, the following should be considered when calculating lease and license fees:
 - Financial statements;
 - Annual and Business Plans;
 - Articles of Incorporation;
 - Mission, Vision and Values;
 - Stakeholder group; and
 - Other documents as required.

5.6.2. Process for assessing lease and license fees:

- Lease and license fees are established as a percentage of the assessed Capital Replacement Value of the property (used to update asset valuations in the audited Financial Statements and updated at least five yearly).
- Council updates property Replacement Values every five years, therefore the appropriate rental figure will be assessed as:
 - **Year 0** – Valuation
 - **Years 1 to 4** – Valuation plus cumulative CPI
 - **Year 5** – Valuation
- The following will be used to determine the lease and licence fees applicable:
 - **Local community** – shall be fixed at 1% of the Capital Replacement Value

- **State-wide / peak body** – shall be fixed at 3% of the Capital Replacement Value
 - **Semi Commercial / Community** – shall be fixed at 8% of the Capital Replacement Value (or assessed market rate if a new tenancy)
 - The minimum fee levied will be \$750 per annum.
 - GST shall be applied to all lease and licence fees.
 - Lease and License Agreements will be negotiated based on the following:
 - current Capital Replacement Valuation appropriate to the property and portion of lettable time;
 - lease terms to be of a fixed period of five (5) and
 - annual automatic rental indexations in line with the Consumer Price Index (all groups – June quarter).
- and will include the following conditions:
- **Standard leases will define lessee responsibility to include:**
 - All utilities (including water)
 - All general maintenance (excluding any structural or capital improvement works unless self-funded and supported by Lessor)
 - **Standard licenses will define licensee responsibility to include:**
 - All general and specialised site maintenance and preparation
 - Will specify how utilities and associated maintenance will be managed
 - Should review of lease or license fees under the Policy guidelines result in a reduced fee to organisations, the current fee will remain in place until such time as the new guidelines indicate an assessed fee is equal or greater than the current fee.

6 POLICY DELEGATIONS

6.2 Nil

7 LEGISLATION

- *Local Government Act 1999 – Chapter 11*
- *Development Act 1993*
- *Real Property Act 1886*
- *Retail & Commercial Leases Act 1995*

8 AVAILABILITY OF POLICY

8.2 The Policy is available for public inspection during normal office hours at: The Civic Centre, 181 Unley Road, Unley SA 5061.

A copy may be purchased for a fee as determined annually by Council.

It is also available for viewing, download and printing free of charge from the Council's website www.unley.sa.gov.au.

9 DOCUMENT HISTORY

Date	Ref/Version No.	Comment
23 July 2007	C140/07 (V1)	
26 May 2008	C267/08 (V2)	Motion on notice – raise minimum fee

28 Jan 2014	C1014/14 (V3)	
25 Aug 2014	C1235/14 (V4)	Was COU 53
27 Jan 2021	C0424/21 (V5)	General Review of Policy