

FILE NO: PSC2009-02488

TITLE: PROPERTY INVESTMENT AND DEVELOPMENT POLICY

OWNER: DIRECTOR CORPORATE STRATEGY AND SUPPORT

1. PURPOSE:

- 1.1 Port Stephens Council (Council) is the owner of a substantial and diverse property portfolio within and outside of the Port Stephens Local Government Area (LGA). Council's property portfolio creates non-rate revenue from the leasing of commercial investment properties and the development and BioBanking of other lands in its ownership.
- 1.2 Council will exercise its functions under this policy having consideration for the financial position of Council and the need for differing revenue requirements of Council at the relevant time. In this regard consideration will be given to the short and long term financial position of Council as detailed in its Long Term Financial Plan.

2. CONTEXT/BACKGROUND:

- 2.1 This policy supports the ongoing effective and efficient management of Council's landholdings to ensure all property related activities fulfil legislative requirements and community obligations. It is supported by clear and transparent guidelines.
- 2.2 Council is well placed to have ongoing involvement in property and entrepreneurial activities to generate non-rate revenue to supplement its traditional income base. This has been emphasised in recent years with the continuation of rate pegging, decreased levels of government funding, limitations on borrowing and increased community expectations on Council's services.

3. SCOPE:

- 3.1 This policy applies to all Operational Lands held by Council, as well as any Community Lands under a Biodiversity Stewardship Agreement with the Biodiversity Conversation Trust (BCT), or identified as being appropriate for that purpose.

4. DEFINITIONS:

- 4.1 An outline of the key definitions of terms included in the policy.

Biodiversity Conservation Trust	A statutory not-for-profit body established under Part 10 of the Biodiversity Conservation Act 2016 to administer conservation agreements with private landholders in New South Wales.
Biodiversity Stewardship Agreement	An in-perpetuity agreement under Part 5 of the Biodiversity Conservation Act 2016 between a landowner and the Biodiversity Conservation Trust.
Community Land	All lands classified as Community under the provisions of the Local Government Act 1993, and shown on the Land Register as being Community Land.
Land Register	The register of lands under Council's care and control that is published on Council's website from time to time in accordance with Section 53 of the Local Government Act 1993.
Operational Land	All lands classified as Operational under the provisions of the Local Government Act 1993, and shown on the Land Register as being Operational Land.

5. STATEMENT:

5.1 Development

5.1.1 Development of Council's Operational landholdings provides non-rate income.

5.1.2 Council's Operational landholdings may be identified as appropriate for development for residential, commercial or industrial purposes. This includes a subdivision of land for sale on the open market or construction of a dwelling or other commercial or industrial facility may be deemed appropriate due to market demand or financial feasibility.

5.1.3 The Property Investment Strategy (PIS) establishes a framework for the assessment of landholdings to determine which sites should be developed and for what purpose, how development of those sites should be prioritised, and how Council should be identifying and assessing sites to be acquired for future development purposes.

5.1.4 All development proposals are assessed in accordance with the PIS.

5.1.5 A formal resolution of Council is required prior to lodgement of a Planning Proposal.

5.2 Commercial Leasing

- 5.2.1 Commercial leasing of the commercial investment properties provides non-rate operational income.
- 5.2.2 Sites acquired for commercial investment purposes are leased on the open market at current market value. Leases may be issued for commercial, retail or other purposes and will be issued at Council's sole discretion. Tenants who do not meet the good and complying criteria as set out in the Guideline for Commercial Leasing and Licensing may not be offered an initial lease, or if a current tenant will not be offered any subsequent leases.
- 5.2.3 Lease terms will be determined at Council's sole discretion, having regard to legislative requirements, the use of the premises and capital investment required by the tenant.
- 5.2.4 A valuation of the commercial property portfolio will occur annually to provide data on the ongoing commercial feasibility of the property. Any potential divestment is subject to a formal resolution of Council.

5.3 BioBanking

- 5.3.1 Council acknowledges and supports the intent of the Biodiversity Conservation Act 2016 and may seek to establish a biodiversity stewardship site through the Biodiversity Conservation Trust (BCT) on lands with high environmental value. The stewardship arrangement will ensure the land's environmental value is conserved in perpetuity while generating biodiversity credits that can be sold to other developers or landholders to offset activities they are conducting on their lands, or to support Council's development activities.
- 5.3.2 The sale of credits will provide an additional ad hoc revenue stream to Council from an otherwise undevelopable site. Credit sales will be at Council's sole discretion with price per credit determined by reference to previous sales of the same or similar credit types, and are subject to a formal resolution of Council.

5.4 Proceeds

- 5.4.1 Proceeds from Council's commercial property portfolio, net profits from land developments, bio banking credits, royalties, investments and sale of operational land are initially allocated to the Commercial Properties Restricted Reserve to fund agreed property developments, reinvestments required to maintain income from commercial activities, and asset management costs for the property portfolio.

5.4.2 Any surplus funds will be reallocated to the Resilience Fund for future use, which will be managed in accordance with the Financial Reserves Policy.

6. RESPONSIBILITIES:

6.1 The Property Investment and Development Coordinator is responsible for implementing, monitoring, evaluating, reviewing and providing advice on this policy.

6.2 Primarily, responsibility for complying with this policy rests with:

- a) Director Corporate Strategy and Support.
- b) Director Facilities and Infrastructure.
- c) Financial Services Section Manager.
- d) Assets Section Manager.
- e) Property Investment and Development team.
- f) Statutory Property team.

7. RELATED DOCUMENTS:

- 7.1 Property Investment Strategy.
- 7.2 Financial Reserves Policy.
- 7.3 Guideline for Commercial Leasing and Licensing.
- 7.4 Guideline for Sale of Land.
- 7.5 Local Government Act 1993.
- 7.6 Retail Leases Act 1994.
- 7.7 Biodiversity Conservation Act 2016.
- 7.8 Real Property Act 1900.
- 7.9 Environmental Planning and Assessment Act 1979.
- 7.10 Regulations under each of the above Acts.

CONTROLLED DOCUMENT INFORMATION:

This is a controlled document. Hardcopies of this document may not be the latest version. Before using this document, check it is the latest version; refer to Council's website: www.portstephens.nsw.gov.au .			
EDRMS container No.	PSC2009-02488	EDRMS record No.	TBA
Audience	Staff		
Process owner	Director Corporate Strategy and Support		
Author	Property Investment and Development Coordinator		
Review timeframe	4 years	Next review date	TBA
Adoption date	13 February 2018		

VERSION HISTORY:

Version	Date	Author	Details	Minute No.
1	13 February 2018	Property Services Section Manager	New policy created to supersede the Property Investment Policy. The new policy includes content from the previous Property Investment Policy and reflects current practices. Guidelines have been developed. Adopted by Council.	013
2	TBA	Property Investment and Development Coordinator	<p>Substantial re-write of the policy which necessitates replacing the existing policy dated 13 February 2018.</p> <p>Policy reflects current practices and aligns with the implementation of the Property Investment Strategy.</p> <p>Controlled document information: amended review timeframe to 4 years as per Council's policy review process.</p>	TBA