



# LAND ACQUISITION AND DISPOSAL POLICY

**POLICY NUMBER: XXXX**

## PURPOSE

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To provide a policy framework through which the City can consider its freehold and vested reserve land and property assets and make decisions, using a systematic, informed approach, to achieve the efficient and accountable retention, development, acquisition and disposal of City of Kalgoorlie-Boulder land and property for community benefit.

## SCOPE

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The objectives of this policy are to:

- Ensure that required services are provided from the most appropriate locations;
- Set out the principles and framework for the retention, development, acquisition and disposal of property;
- Enable action of strategic acquisition, development and disposal opportunities;
- Ensure decisions made in relation to the use of City of Kalgoorlie-Boulder land and property assets ensure maximum return to the City by either realizing a commercial level of return or by fulfilling a community benefit aligned to the visions of the City of Kalgoorlie-Boulder; and
- Ensure effective use of the City's *Future Projects Reserve*.

## DEFINITIONS

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**CEO** means the Chief Executive Officer of the City.

**City** means the City of Kalgoorlie-Boulder.

## POLICY STATEMENT

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This policy acknowledges that land and property assets form an integral part in facilitating the attainment of the City of Kalgoorlie-Boulder's visions and objectives, as identified in its Strategic Community Plan 2020-2030. The City manages, acquires and disposes of land and property to support the delivery of services to the community and the financial performance of the organization. Optimising the social and financial return from the City's property assets



will also assist the City to meet community needs, expand its income-earning potential from alternative sources and be less dependent upon general rates as the primary funding source for the provision of services each year. Whilst the disposal of property may realise the value of the asset to the City, how the funds are then intended to be used by the City following disposal is as important as the decision taken to dispose of the property.

## **POLICY DETAILS**

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### **Principles for the Management of Land and Property Assets:**

1. Ensure the City has access to and control of land assets to be able to deliver, now and into the future, the necessary services and facilities for the community.
2. Increase the City's revenue from property investment.
3. Positively contribute to the availability of land for residential housing, community and strategic projects.
4. Consider disposal of properties that are not capable of continuing to provide a service, an alternate function or purpose, a financial return, or are considered surplus to the City's needs
5. Consider the use of funds arising from the disposal of any property, to be used to acquire other property(s), deliver other facilities or services, or to fund operational activities.

These principles are detailed in the below sections

#### **1. Property classification**

*Policy Statement 1: The City shall prepare, maintain and integrate a register which outlines the attributes of its land asset including: the nature of ownership, the way in which the land is used, and the purpose of the property as described in the Property Asset Classification Table.*

These property classifications describe the nature of ownership, the way in which the land is used, and the purpose the property and land asset performs. The 'function' reflects the current use of the property, whilst the 'purpose' is the reason the City holds the asset, which may not always reflect its current use.

It is noted that properties may fit into a number of 'function' classifications. For example, a property may have 'civic', 'community', 'commercial' and 'open space' functions.

These property classifications will be considered to assess each property owned or controlled by the City.



**Property Asset Classification Table**

	<b>Classification</b>	<b>Description</b>
<b>Tenure</b>	<i>T1. Freehold</i>	<ul style="list-style-type: none"> <li>• Land owned by the City or another entity, either vacant or with built infrastructure.</li> <li>• The use is subject to zoning of the land identified in the appropriate Planning Scheme.</li> <li>• The land is capable of being sold by the City for financial return if appropriate.</li> </ul>
	T2. Reserve	<ul style="list-style-type: none"> <li>• State Government land that the City has care and control of via a management order (vesting) for a particular purpose in the public interest.</li> <li>• The land cannot be sold by the City for financial return – can be sold by the Crown where it is no longer required for a public purpose.</li> <li>• Leasing may be possible with approval.</li> </ul>
<b>Function</b>	F1. Civic	<ul style="list-style-type: none"> <li>• Properties from which services are provided directly by the City.</li> <li>• Portions of the property may be hired to a third party.</li> </ul>
	F2. Community	<ul style="list-style-type: none"> <li>• Properties from which community groups, sporting and recreational groups, and funded not-for-profit activities or services are provided on behalf of the City or for the broader benefit of the community.</li> <li>• The property may include both freehold and Crown Land vested in the City.</li> </ul>
	F3. Commercial	<ul style="list-style-type: none"> <li>• Properties from which independent commercial activities are or can be conducted.</li> <li>• The property may be leased to a third party.</li> </ul>
	F4. Residential	<ul style="list-style-type: none"> <li>• Properties which are primarily used to provide residential accommodation.</li> <li>• The property may be leased to a third party.</li> </ul>
	F5. Open Space	<ul style="list-style-type: none"> <li>• The property is held by the City for the purpose of providing parks and nature reserves or similar.</li> <li>• The property may be freehold, or Crown Land vested in the City.</li> <li>• Portions of the property may be leased to a third party.</li> </ul>



	F6. Utility	<ul style="list-style-type: none"> <li>Properties used by the City for the provision of essential infrastructure, for example: water management, road reserves, parking, telecommunications, public access etc.</li> </ul>
<b>Purpose</b>	P1. Service	<ul style="list-style-type: none"> <li>The property is adequately delivering on its current use and held to continue to provide community benefit.</li> </ul>
	P2. Strategic	<ul style="list-style-type: none"> <li>The property may be adequately delivering on current use, but it has another future proposed use.</li> <li>The property may be part of, or have the capacity to influence, a future economic development, planning or redevelopment projects.</li> </ul>
	P3. Investment	<ul style="list-style-type: none"> <li>The property is held for the primary purpose of generating income for the City or for its capital appreciation potential.</li> <li>The property may be leased to a third party, generally on a commercial basis.</li> <li>The property may be the subject of a partnership with government or private sector to maximise its financial return.</li> </ul>
	P4. Potential Disposal	<ul style="list-style-type: none"> <li>The property has been determined not to be suitable for an alternate purpose (service, strategic or investment).</li> <li>Further investigations, works and/or community engagement may be required prior to its disposal.</li> </ul>

## 2. Acquisition Considerations

*Policy Statement 2: In considering the acquisition of freehold land for strategic or investment purposes, the following considerations are to guide decision making.*

Strategic Objectives – *The acquisition of land aligns with the City’s strategic objectives and plans, such as:*

- *Aligning with the City’s Strategic Community Plan, Corporate Business Plan and Long-Term Financial Plan;*
- *Contributing to making the City more sustainable socially, environmentally and/or financially; and/or*
- *Responding to endorsed and published City strategies or policies.*

Community – *The property will provide the current or future opportunity to improve service delivery or consolidate user groups in an improved or better shared facility.*



*Strategic – The acquisition provides an opportunity to contribute to economic activation of the City immediately or in the future or partner with government or private industry.*

*Financial – There is an immediate return through an income stream from tenants and/or there is potential for long-term development. The whole of life costs have been considered.*

*Land Swap – The acquisition provides an opportunity to undertake a land swap with another agency in order to:*

- *Reduce red tape associated with statutory processes;*
- *Reduce direct and indirect costs associated with purchase; and/or*
- *Facilitate project delivery.*

*Acquisition Impacts – The acquisition considers possible foreseeable impacts including, but not limited to:*

- *On the existing tenants or users;*
- *The positive or negative implications for surrounding properties; and/or*
- *The City's reputation*

*Policy Statement 3: All property acquisitions are to be undertaken in accordance with the relevant provisions of the Local Government Act 1995 and associated regulations.*

### **3. Altering the Tenure of Property Held (or owned) by the City**

A number of methodologies may be considered to alter tenure and can include (but may not be limited to) any of the following:

- a. **Transfer or Exchange of Freehold Title** – enables the City to realise the value of freehold property assets that would otherwise be lost as a result of the use of the land for service delivery. In order to realise the value of a freehold asset without affecting the delivery of services provided from the relevant property, local governments can consider the transfer of such freehold titles to vacant crown land parcels.
  - This process involves the transfer of the freehold title to a crown land parcel (identified as being required by the local government).
  - Such transfers are undertaken on a dollar-for-dollar basis, with values of the two properties determined at highest and best use by the Valuer General's Office.
  - If transferred, the new property is provided to the local government as unencumbered freehold title but, in most cases, will require rezoning following acquisition to achieve the highest and best value.



- The original freehold property on which the service is provided then becomes a crown land parcel which is returned to the local government as a reserve vested in the local government.
- b. **Profit Sharing** - subject to State Government Cabinet approval, State Government owned land deemed to be surplus to requirements (this may include land vested in the local government or Unallocated Crown Land) may be sold with the profit from the sale proceeds being shared between the City and State Government and generally required to be spent on significant community benefit projects.
- c. **Outright Purchase of Property** – under the Crown Reserve Rationalisation Scheme, Transfer or Exchange of Freehold Title or Profit-Sharing model cannot be used to acquire property controlled by the State Government; the City may make application to acquire the property from the State Government at an agreed value.

#### 4. Disposal Considerations

*Policy Statement 4: In considering the disposal or transfer of freehold land by sale or otherwise from the City (including Altering the Tenure of Property Owned or Held by the City), the considerations are to guide decision making.*

Strategic Objectives – *The disposal of land aligns with the City’s strategic objectives and plans, such as:*

- *Aligning with the City’s Strategic Community Plan, Corporate Business Plan, and Long-Term Financial Plan;*
- *Contributing to making the City more sustainable socially, environmentally and/or financially; and/or*
- *Responding to endorsed and published City strategies or policies.*

Alternate Community Use – *The property is not suitable for current or future civic, community or open space use because of its location, size, characteristics, or surrounding land use.*

Financial Outcomes – *A property that provides neither a service to the community, an appropriate financial return or any other function to the local government is in effect a property that is costing the City and the community funds to be retained, and is impacting on the City’s ability to deliver services unless the costs associated with the retention of the property is obtained through general rates. The disposal of such a property will provide funds to build the City’s alternative revenue stream if an analysis has concluded disposal is preferable to an alternative development or partnership opportunity.*

Disposal Impacts – *The disposal considers possible foreseeable impacts such as:*



- *The displacement of existing tenants or users;*
- *The positive or negative implications for surrounding properties; and/or*
- *The City's reputation.*

*Policy Statement 5: All property disposals are to be undertaken in accordance with the relevant provisions of the Local Government Act 1995 and associated regulations.*

## **5. Financial**

*Policy Statement 6: The proceeds of disposal by sale of property assets are to be deposited in the City's Future Projects Reserve.*

*Policy Statement 7: The purpose of the Future Projects Reserve is to fund future projects that Council supports as a desired outcome for the overall Community.*

The City will consider two options with respect to the *Future Projects Reserve*:

1. Use of the funds to acquire other property(s), providing either more strategic property holding/s (often used in regeneration areas or areas in which the Council wishes to catalyse development activity including housing) or to acquire properties that will provide a recurrent income stream to the City at a rate of return higher than that able to be returned from the original property, or
2. Use of the funds to deliver other facilities, services or fund operational activities.

*Policy Statement 8: Where the use of financing is required for a strategic or investment acquisition, the debt is to be repaid from the proceeds of the asset that generates the revenue.*

## **COMPLIANCE REQUIREMENTS**

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### **RELATED LEGISLATION**

Adopted under Part 2, Division 2, s. 2.7(2) of the *Local Government Act 1995*.

This policy is prepared in accordance of the *Local Government Act 1995*.

## **RELEVANT DOCUMENTS**

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This policy will be supported by management practices and processes as required, including adherence to the *Local Government Act 1995* and applicable Local Government Regulations, and any applicable City of Kalgoorlie-Boulder frameworks, policies and strategies.

<u>DOCUMENT CONTROL</u>		
<u>Responsible department</u>		
<u>Date adopted by Council</u>	xxxxxx	<u>Resolution number:</u> xxxx
<u>Date of last review</u>	xxxxx January 2023	<u>Policy reviewed and amended</u>
<u>Date of next review</u>	xxxxx January 2025	