

Property Policy Consultation Review

Presented by
Joanne McNeill
Emma Murdoch



Engagement overview

Delivery

A Have Your Say Survey delivered the first round of consultation with the wider community. It was designed to enable the wider community to provide feedback in relation to the amendments proposed to the Property Policy.

The survey took on average, 20 minutes to complete.

The approach taken was aimed at obtaining broad community feedback and included:

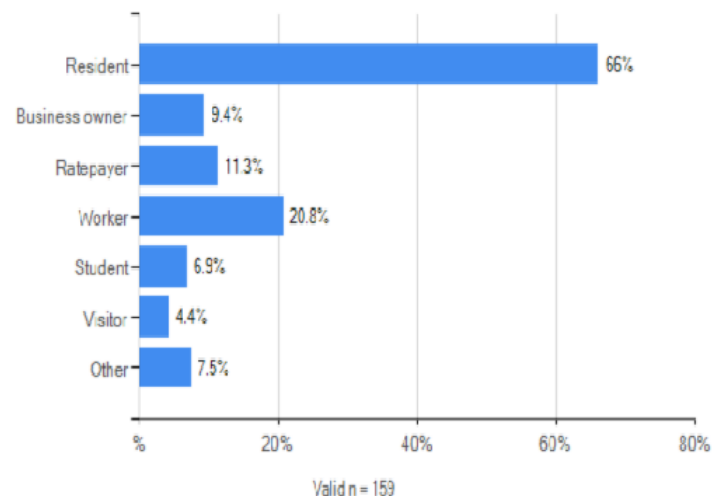
- A direct invitation to tenants and key stakeholder groups; and
- An intercept survey conducted over 4 days throughout pockets of the municipality.



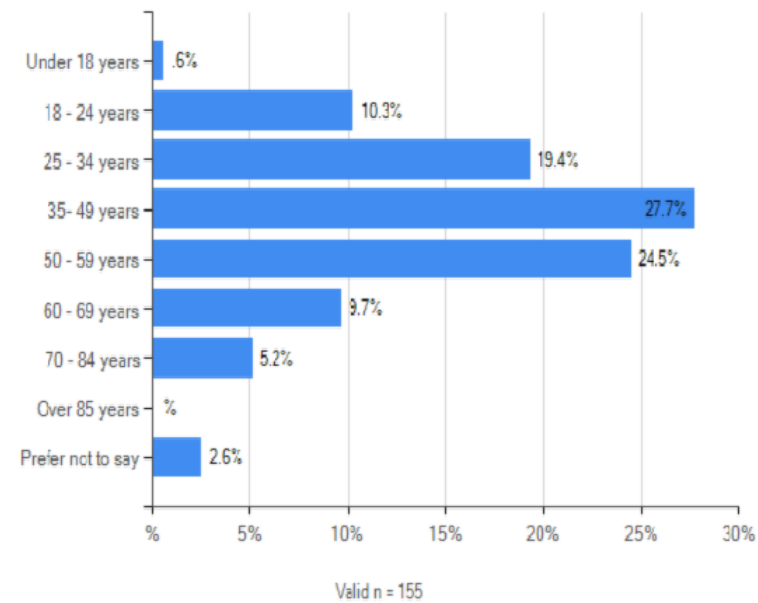
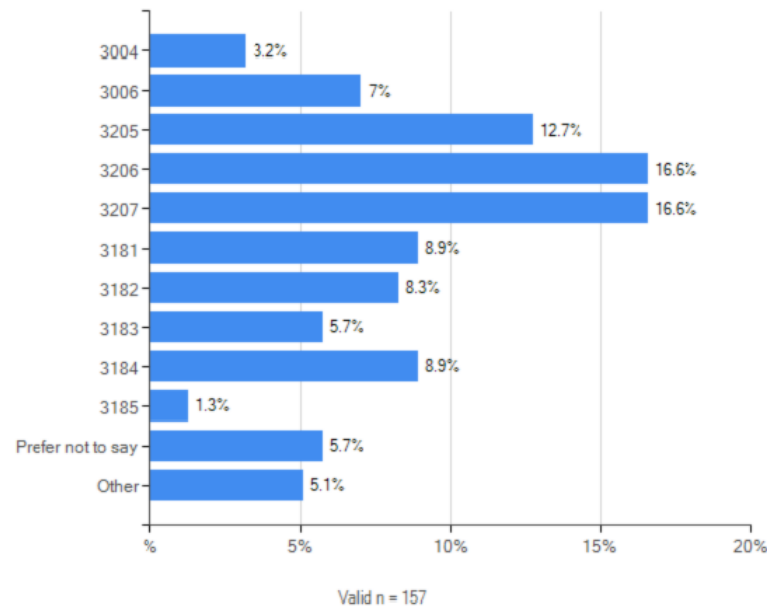
Participant profile

The survey produced **159** responses with the participant profile representing a balanced view of the municipality.

The largest number of respondents were Port Phillip residents between the ages of 25 and 59.



Participant profile



Findings

The following section summarises the key themes which arose from the feedback provided by the community on the key changes for the Property Policy 2019.

In the interest of stakeholder and community privacy, individual quotes have not been included within this document.



Guiding Principles

Do you think there are any other principles or ideas council should consider?

Overview

The underlying premise for a new property policy is that Council is able to sustainably manage, improve and grow its land and building assets in a condition that satisfies the community, in a way that minimises risk and impact on the environment, and that demonstrates best value.

To support the achievement of the goal of sustainable management of the property portfolio, Council has adopted ten guiding principles for the property policy. They are as follows:

1. Strategic alignment
2. Equity
3. Fit for purpose
4. Community benefit
5. Financial Sustainability
6. Innovation
7. Transparency
8. Environmental Sustainability
9. Balanced Portfolio
10. Commercial Management.

Recommendation

While there was great feedback from the community, Officers believe that these items have either been included in the policy or will be considered as part of the operational procedures and strategies such as the Strategic Property Plan.

Guiding Principles - Suggestions



Key Messages

- **80%** of respondents were in support of the guiding principles.
- The remaining **20%** made the following suggestions:
 - 18% want to see Affordability (for space and low income accommodation)
 - 21% highlighted the importance of the portfolio being for Community Use Only
 - 22% want to see us focus on maintaining heritage of our sites
 - 10% want use to consolidate the property portfolio
 - Lastly, sustainability, transparency and operational aspects were considered by a small percentage.



Minor Changes

To what extent do you support or not support the proposed change?

Overview

Some of the proposed changes are straightforward and are considered necessary to include in the new property policy.

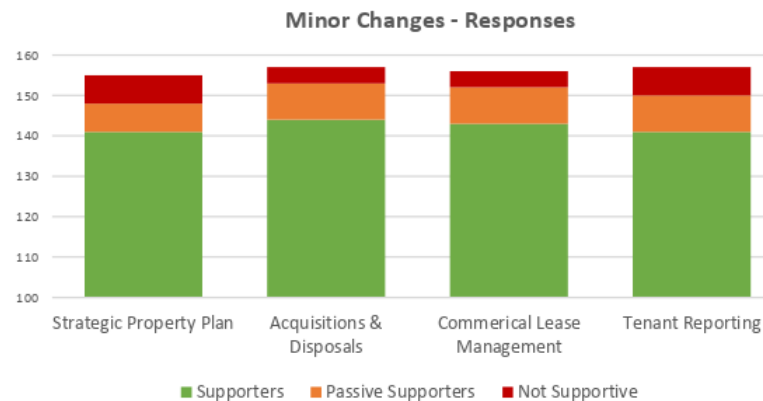
It is envisaged that they will have a minor impact on the day-to-day operation of current tenants, and include providing policy guidance on:

- The strategic direction of property management
- The process and principles governing acquisitions and disposals of Council land
- Commercial lease management
- Benefits definition and tenant reporting.

Key Messages

- An average of **91%** of respondents were in support of the minor changes
- The “passive” and “not supportive” responses to this question could be attributable to the lack of clarity around the question or uncertainty around what this will mean in the context of the Property Policy.

Based on the high percentage of support, we can feel comfortable to proceed with these minor amendments.



Major Changes

Overview

Other proposed changes relate to the benefits generated, and the costs associated with the property portfolio. It is expected that these proposals may have a significant impact on the types of agreements offered in the future. These issues are discussed in further detail below, and relate to:

- The amount that tenants contribute to outgoings
- The amount that tenants contribute to maintenance costs
- The length of leases and licences
- The multi-use of Council property
- The process at lease renegotiation
- The amount of rent charged
- The method of Council support

Feedback for each of these have been provided in the following slides.

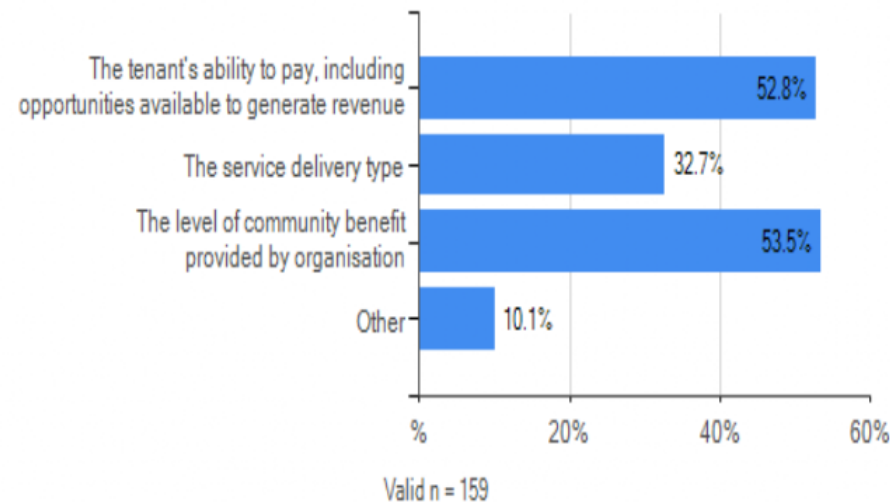


Outgoings

What factors should we consider when assessing whether a tenant's outgoing should be covered?

Key Messages

- The tenants ability to pay along with the level of community benefit are seen as important factors when considering whether or not a tenant should be paying their outgoing.
- Of all the people who provided comment, the strongest feedback was that all tenants should pay their own outgoing.
- Other suggestions from respondents include consideration for:
 - Tenant contribution to community spirit.
 - The length of the occupancy agreement.
 - Ensuring equitable outcomes.
 - The increase in on-costs to those who use the service.
 - Not for profit v profit organisations.

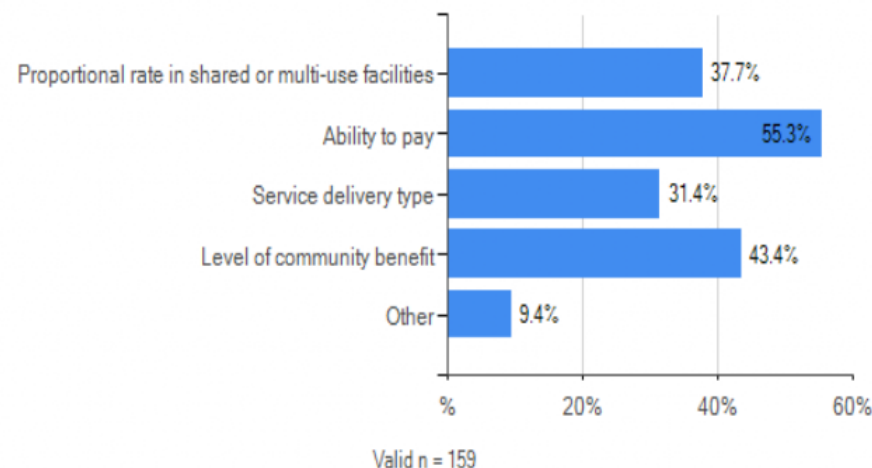


Maintenance

What factors should we consider when assessing whether a tenant should be paying for maintenance?

Key Messages

- There appears to be general support for Council using criteria to assess the tenants contribution towards maintenance.
- Other suggestions from respondents include:
 - Tenants should always pay.
 - Not for profit v profit organisations
 - Certain fixed costs such as ESM should be on-charged.
 - Council should consider the increase in on-costs to those who use the service.
 - The level of maintenance required – ie. Heritage assets require higher maintenance.
 - All Council assets to be maintained by Council.

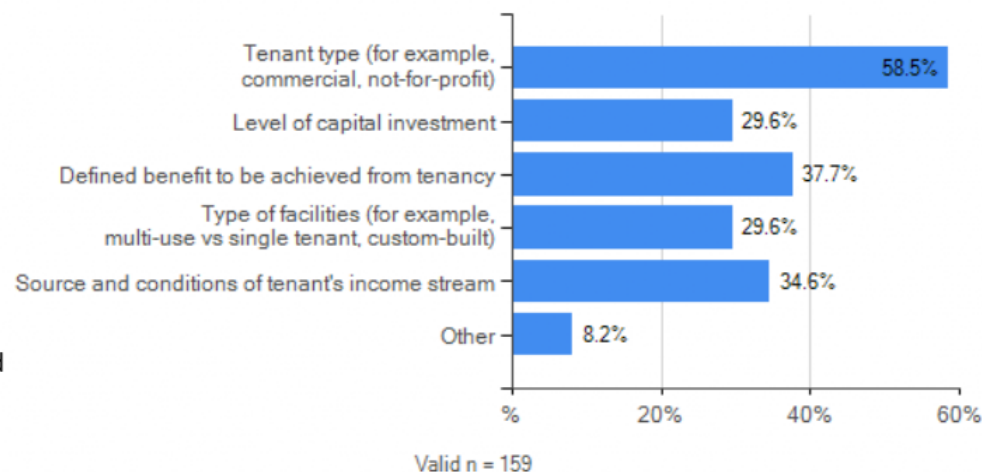


Length of Occupancy

What factors should we consider when assessing the length of occupancy for a tenant?

Key Messages

- The type of tenant has come out as a key consideration when assessing the length of tenancy however, the benefit and conditions of services are also seen as important.
- Other suggestions from respondents include:
 - Consideration for balance between lease reviews and administration cost.
 - Alignment to 3 year reviews.
 - Consideration of community benefit provided by the service and the associated need for service within the community.
 - All occupancy agreements to align to market conditions with no peppercorn rents.
 - Equitable treatment within portfolio.

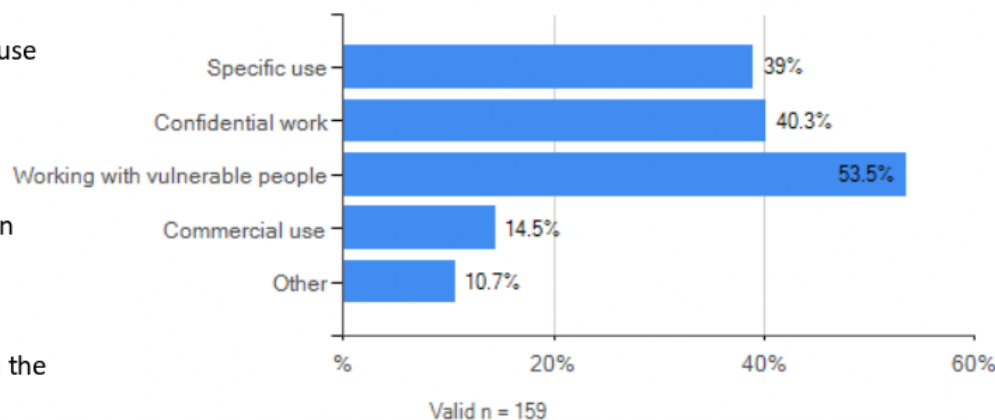


Multi-Use

In your opinion, under what circumstances would it be appropriate to provide exclusive use of a property?

Key Messages

- The main consideration when assessing multi-use venues has been the consideration for those working with vulnerable people or those undertaking confidential work.
- Other suggestions from respondents include:
 - The set up and pack up requirements on tenants.
 - Working with Children requirements.
 - Ability for complementary services.
 - Exclusive use to only be provided when the tenant is paying market rent.
 - Consolidation of the property portfolio.

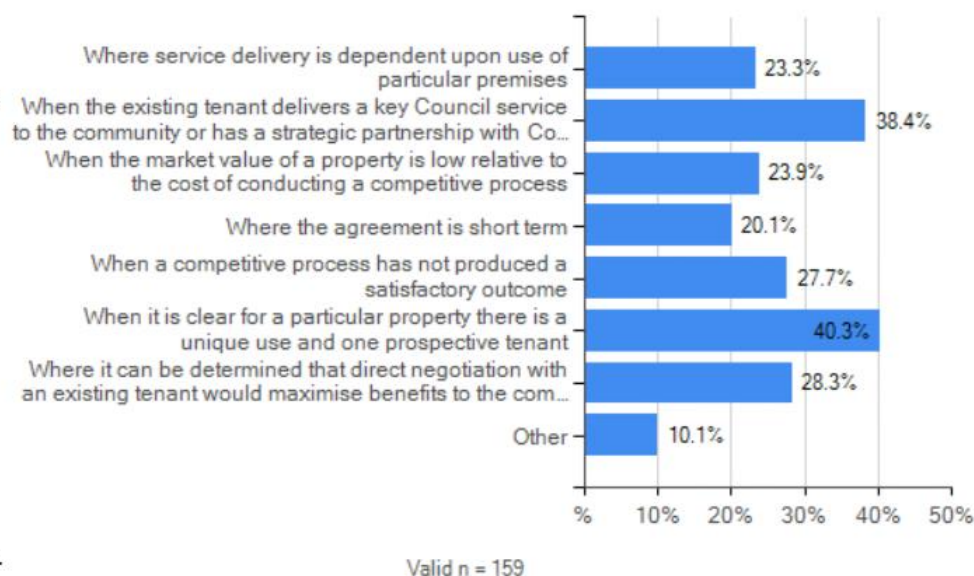


Lease Renewal

In your opinion, what circumstances would justify direct negotiation with the tenant for lease renewal?

Key Messages

- Responses have shown support for a number of different circumstances where direct negotiations should occur. This highlights that direct negotiation may not be considered a concern to the community.
- Other suggestions from respondents include:
 - Either a direct or a competitive process can be undertaken as long as there is transparency and it doesn't put a community group at a disadvantage.
 - Consideration for a community advisory committee.
 - The historical use of the building with those who have had a longer tenancy getting longer leases via direct negotiation.
 - Sustainability and demand for the service provided.

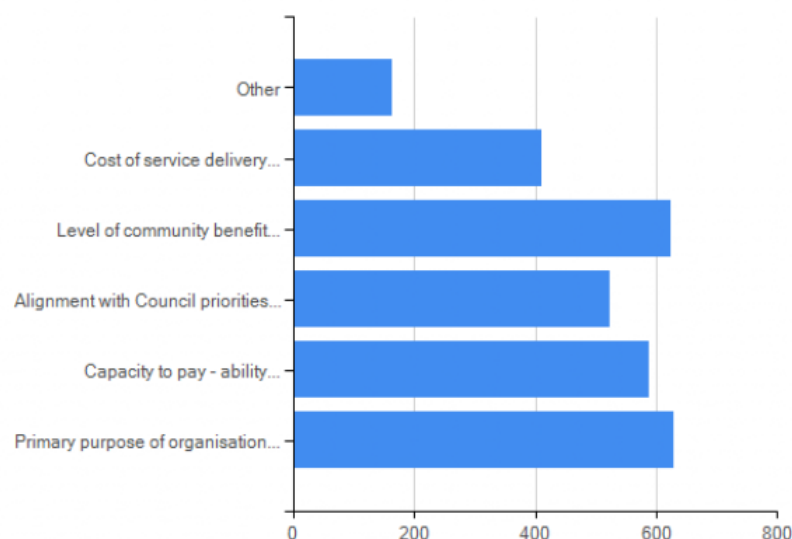


Rental Cost

Please arrange the following factors for determining the level of rental discount a community organisation may receive. (Rank from most important to least important)

Key Messages

- The level of community benefit, purpose of the organisation and their ability to pay have been highlighted as the most important considerations.
- Other suggestions from respondents include:
 - All tenants should be charged market rates and apply for grants to gain subsidy.
 - NFP and disadvantaged groups should be the ones who receive grants.
 - Consideration for transitional arrangements when increasing costs
 - Historical payments should be considered before increasing costs.
 - Council should not manage commercial leases nor is there a need for so many NFP.
 - Subletting arrangements where tenants are earning revenue should be considered.

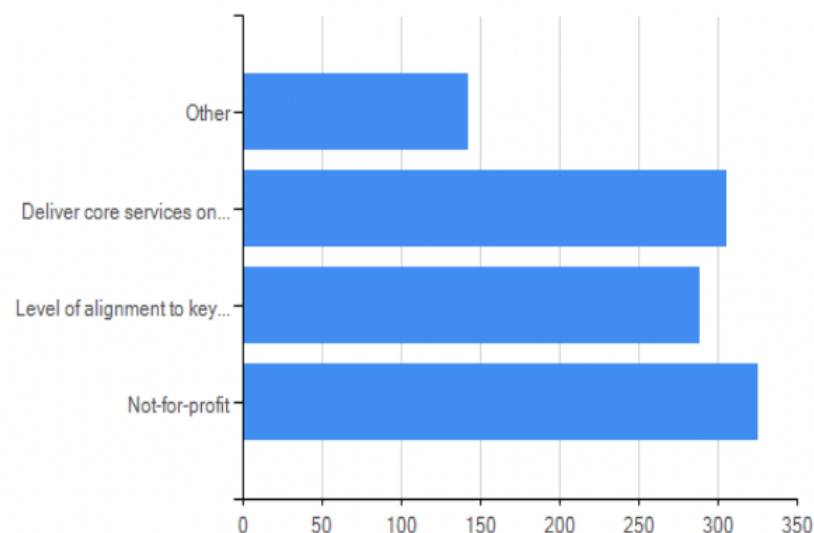


Method of Council Support

Please arrange the following criteria for eligibility from 1 (MOST important) to 4 (LEAST important), in your opinion.

Key Messages

- There is support from the community for Council to continue to provide subsidies to those who are in need.
- Other suggestions from respondents include the following considerations:
 - Ability of the tenant to pay
 - The level of community benefit or service to the community
 - Heritage condition of building
 - The transparency around the level of support
 - Whether Council should be providing grants



Draft Policy

The draft policy has been written on the assumption that it will be the baseline document providing guidance on best practice property management. It has been designed to fit within, and compliment, current council policy to increase transparency within processes.

The feedback provided through this first stage of community consultation has informed the draft policy. These considerations have been provided in detail in the next slides.



Overview of Draft Policy

The following section provides a brief explanation behind each section of the draft policy where applicable.

Purpose

This provides the reasoning as to why Council requires this policy.

Outcomes

The outcomes align to the guiding principles that were agreed and endorsed by Councillors.

While there were many great suggestions from the community regarding the guiding principles, Officers believe that items such as affordable housing and the importance of Heritage Assets are covered through other Council strategies. These will be assessed within the operational procedures when implementing the policy.

Officers have amended the order of the guiding principles to reflect the importance of community benefit, transparency and environmental sustainability to the community.

Definitions

The definitions section provides an overview of terms within the document.

Scope

Provides the basis of what the policy is designed to cover.

Policy

Provides the policy guidance and is explained in further detail within the following slides.

Exemptions

This section allows for Council to consider items that may arise and is not able to follow the guidance of the policy

Roles and Responsibilities

Provides an overview of the key roles and responsibilities associated with the policy.



Policy Reflections

1. Strategic Property Management

This section provides the direction on the property portfolio as a whole and underpins the policy. The community appears to be supportive of this change.

2. Leasing and Licencing

The areas with significant change or feedback have been explained below:

Commercial lease management

This section provides Council the ability to act as a commercial landlord where appropriate. The community appears to be supportive of this change.

New agreements & renewals

This section requires tenants to address specific Assessment Criteria prior to applying for, or renewing, a lease and has been linked to Council's Procurement Policy.

This is an informal process that is currently being undertaken by Officers and this section is designed to formalise the process by providing guidance on what is to be included. It is expected that the Assessment Criteria will be informed by the specific department strategies and created as part of the policy implementation.

Negotiations

Feedback from the community suggests that there are a number of circumstances where a direct negotiation should apply. There is also a strong business driver for clear direction on when direct negotiation is appropriate. This section has been written to allow Council to undertake direct negotiations in certain circumstances unless one of 6 criteria apply suggesting a competitive process is required.

Term of tenancy

Officers have recommended terms of:

- Leases – 5 years to align to the Retail Leases Act
- Licences – 3 years to align to the Crown Land Act that allows the Committee of Management to enter licences for any purpose consistent with the purpose of the reservation without ministerial approval.

There has been mixed feedback from the community regarding tenancy length. The feedback highlighted that the type of tenant and conditions of the service are the top priorities when considering the requirement to extend the lease past these set terms and have been considered in the policy.



Policy Reflections *(continued)*

2. Leasing and Licencing - Continued

Multi-use facilities

This section provides Council's intent to better utilise community assets. It requires the prospective tenant to justify why there is a need for exclusive use and has provided a set of criteria to guide the assessment of such requests.

Feedback from the community regarding the criteria has been considered.

Rental, Outgoings, Insurance and Maintenance

These sections provide guidance on best practice property management, but consider using a differing approach for both commercial tenants and community organisations.

Method of Council Support

Based on what appears to be a common theme throughout the feedback, the level of council support will be considered holistically through the criteria set in the Community Funding Policy. This will allow for:

- Increased transparency over the level of funding provided by Council.
- Review of the funding within the Annual Budget.

- Centralised funding arrangements within Council.
- Alignment with Council priorities, through a guided and considered approach.

Work is currently being undertaken on Funding Implementation Framework and will allow for the development of eligibility criteria for the Property Policy implementation.

This section provides for guidance on what criteria is to be considered based on community feedback.

Transition Arrangement

Based on community feedback, the policy has provided a section on the transitional arrangements regarding the implementation of the Property Policy.

Other items

The other items within the leasing and licencing section are designed to provide guidance on processes already being undertaken within the Property Team.



Policy Reflections *(continued)*

3. Acquisitions, Disposals and Development

This section provides guidance regarding the ownership, acquisition, disposal and development of council property including opportunistic acquisitions and joint acquisitions. This is designed to provide guidance to inform the process and procedures implemented by officers.

