Draft Property Strategy



Burwood
Inc.1874

Acknowledgement of Country

Burwood Council acknowledges the Wangal Clan of the Eora Nation, the traditional custodians of the lands in which the Burwood Local Government Area is located.

We pay our respects to their elders past, present and emerging. We acknowledge and respect their cultural heritage, beliefs and ongoing relationship with the land.



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1. Executive summary

Burwood Council's property portfolio consists of Council owned parks, car parks, public reserves, vacant land parcels, buildings on Council land, as well as Crown land under the management of Council. The management of these assets range from direct management by Council, to management by community-based organisations and private lessees/licensees.

The aim of the Property Strategy is to deliver clear and meaningful guiding principles that assist Council's decision-making processes and ensure that key portfolio decisions addressing how property is utilised, optimised and developed for the long-term benefit of the community, are aligned to Council's strategic direction.

To support the delivery of a broad range of services both now and in the future, Council's Property Strategy has been developed in conjunction with and led by Council's Integrated Planning and Reporting framework (IP&R) and Community Strategic Plan (CSP).

Like the CSP, community outcomes and long term financial sustainability are at the core of the Property Strategy where the importance of environmental, economic, social and civic perspectives are considered in decision-making in relation to all property dealings.

This Strategy formalises Council's approach to the strategic management of its property portfolio and aligns Council's organisational objectives with its service delivery objectives and community expectations.

One of Council's strategic goals as detailed in the CSP is to ensure Council is financially sustainable. This goal is underpinned by Council's delivery plan action to investigate opportunities to expand revenue from commercial operations of the property portfolio and other income generating assets.

Application of this Property Strategy will enable Council to best realise the value and benefits from its properties, whether in financial or service delivery terms, and will enable Council to meet the needs of the community as they evolve over time.

The Property Strategy will assist Council in minimising risk and guiding future strategic decision making, investments and budget allocations in relation to its property holdings.

2. Background

Burwood LGA

Located between Sydney and Parramatta, the Burwood Local Government Area (LGA) is a diverse multicultural community with business and retail centres. The Burwood LGA covers seven square kilometres with a population exceeding 40,866 residents.

Burwood is a cultural melting pot of inclusive and diverse communities with a thriving business and retail centre surrounded by historic villages, each with their own distinct character and charm. The LGA includes Burwood, Burwood Heights Croydon Park and Enfield and parts of Croydon and Strathfield.

The quality of life residents enjoy, the central location, local schools and excellent transport infrastructure has made the Burwood LGA an attractive destination for people to live, work and visit.

As the first strategic centre west of the Sydney CBD, Burwood will strengthen its role in Sydney over the next 10 years, attracting new business sectors, higher skilled jobs and a diverse mix of housing.

By 2036 the population of the Burwood LGA is anticipated to nearly double to 73,500. This means over 32,000 more people will require housing, transport, schools, healthcare, services, leisure opportunities and green and open spaces.

Council's focus is to improve the accessibility and amenity of the LGA to create a liveable and lovable place for its residents and those who choose to live, work, and grow here.



Figure 1 – Burwood and its locational context



Figure 2 – Council's Local Government Area



Purpose

Council owns and manages a wide variety of property that serves a range of community, administrative and commercial uses. This Property Strategy seeks to incorporate the strategic directions presented in Council's Community Strategic Plan (CSP) and Local Strategic Planning Statement (LSPS) and apply these directions to its property portfolio by providing Burwood Council (Council) with a framework for the management of property assets. It will assist the management of our land and building assets and guide short, medium and long term decision-making with the aim to ensure the most effective provision and use of Council property assets to meet the present and future needs of our community.

This document will be reviewed and updated as necessary throughout the implementation of the Strategy and again as part of the next cycle of IP&R review and development.



What is Council property?

For the purposes of the Property Strategy, Property means any kind of interest, legal or otherwise, which Council holds in both land and improvements. This includes Property where Council is:

- the land owner or registered proprietor of freehold land (this means land that is free from holds or restrictions for the benefit of the owner in perpetuity); or,
- the lessee or tenant under a lease agreement (this means land and/or buildings that are not in Council's ownership, but over which Council has been granted exclusive possession for a specified period of time for a particular use or purpose); or,
- the appointed Public Land Manager by another agency, such as the Committee of Management over Crown land on behalf of the State Government.

Property also includes other types of interests such as, but not limited to easements and airspace stratum over road reserves.

This strategy relates to both land management and the use of land, in addition to physical assets such as buildings; facilities and infrastructure, and applies irrespective of a property's classification, or third party encumbrances such as leases and licenses. The types of building uses include aquatic centres, libraries, childcare and community centres, arts and cultural services, pavilions, grandstands and sporting club facilities, community amenities, works depots, council offices, carparks and other investment properties that Council owns and manages.

Core property team functions

The primary functions which are central to the effective management of Council's property portfolio include:

Leases and licenses

This function relates to Council in its capacity as a landlord, irrespective of the end use of the Property. This includes the assessment, suitability and negotiation of new leases and licenses for occupiers of Council owned or managed Property, as well as the ongoing management and enforcement of lease and license provisions and maintenance of the Lease and Licence register. This also includes Council's role as a Tenant, whereby property is owned by a third party, but is used by Council to deliver a direct service to the community, or where Council is requested to be party to a Joint Use Agreement.

Maintenance

The Maintenance function relates to actions in respect of preventive, responsive and scheduled maintenance of Property assets held or managed by Council, and is fundamental to the ability to achieve direct service delivery to the community.

Acquisitions

This function relates to identifying and/or procuring property assets necessary for the delivery of a Council service, amenity or to strengthen Council's financial position. This comprises all land acquisitions, including the use of Council's powers as an acquiring authority (compulsory acquisition) as well as securing interests in third party (private) land, such as a drainage easement.

Disposals

This function relates to the divestment of Council owned property assets for which there is no demonstrated medium to long term service delivery need, that may be identified as surplus to Council requirements or as an asset whose value is better directed toward the achievement of Council's strategic objectives. This includes a comprehensive review of disposal options, consideration of the benefits of disposal or alternative end uses, and the timing of sales to maximise the financial return to Council.

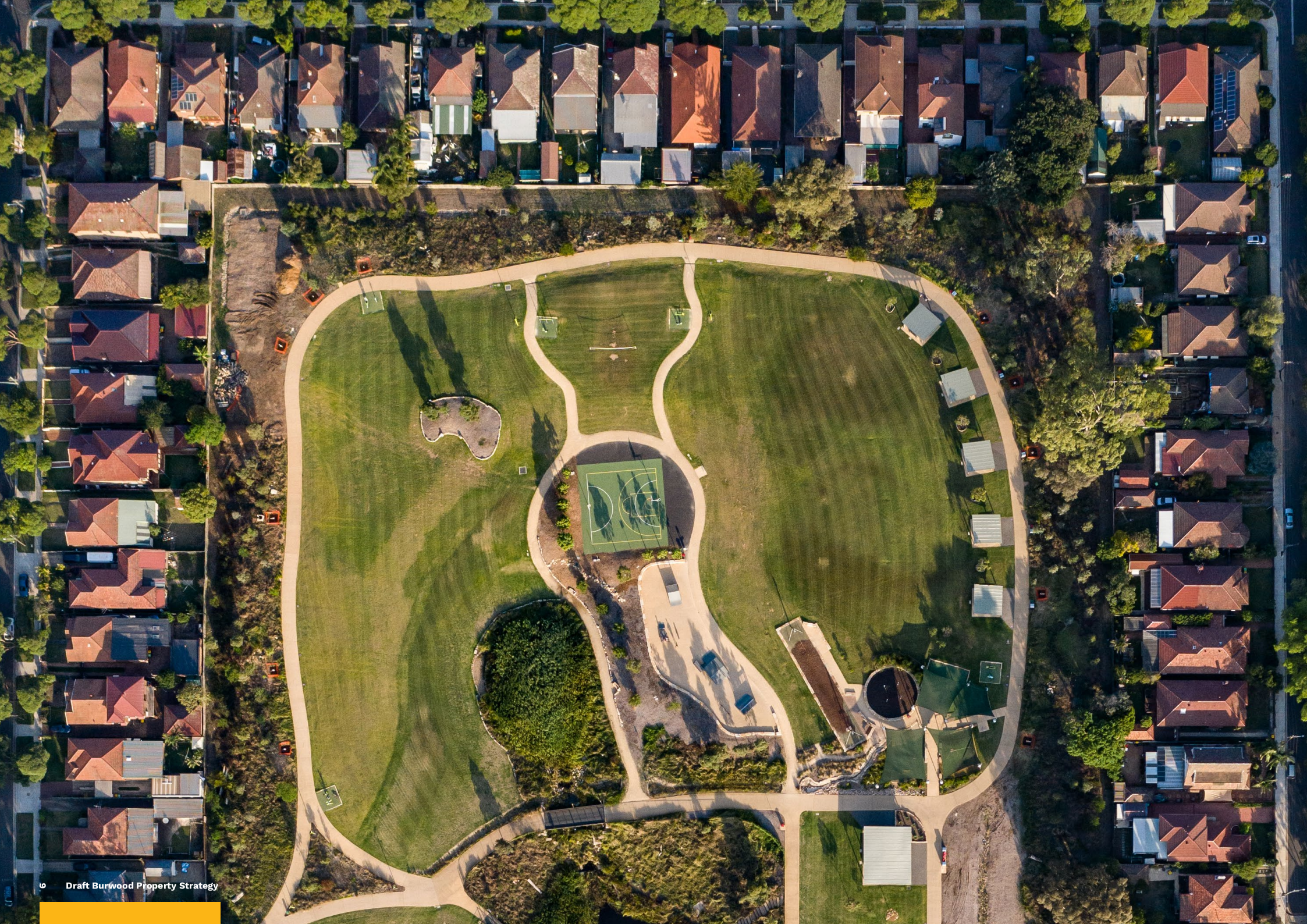
Property projects

This function relates to the management and delivery of Council property and building related projects in line with Council objectives, policies, procedures and business processes.

Land register

Under section 53 of the *Local Government Act 1993* Council is required to keep a register of all land vested in it or under its control. The register contains information that is constantly changing and evolving in line with the implementation of new legislation and ongoing property and land dealings. The register can be accessed via Council's website.





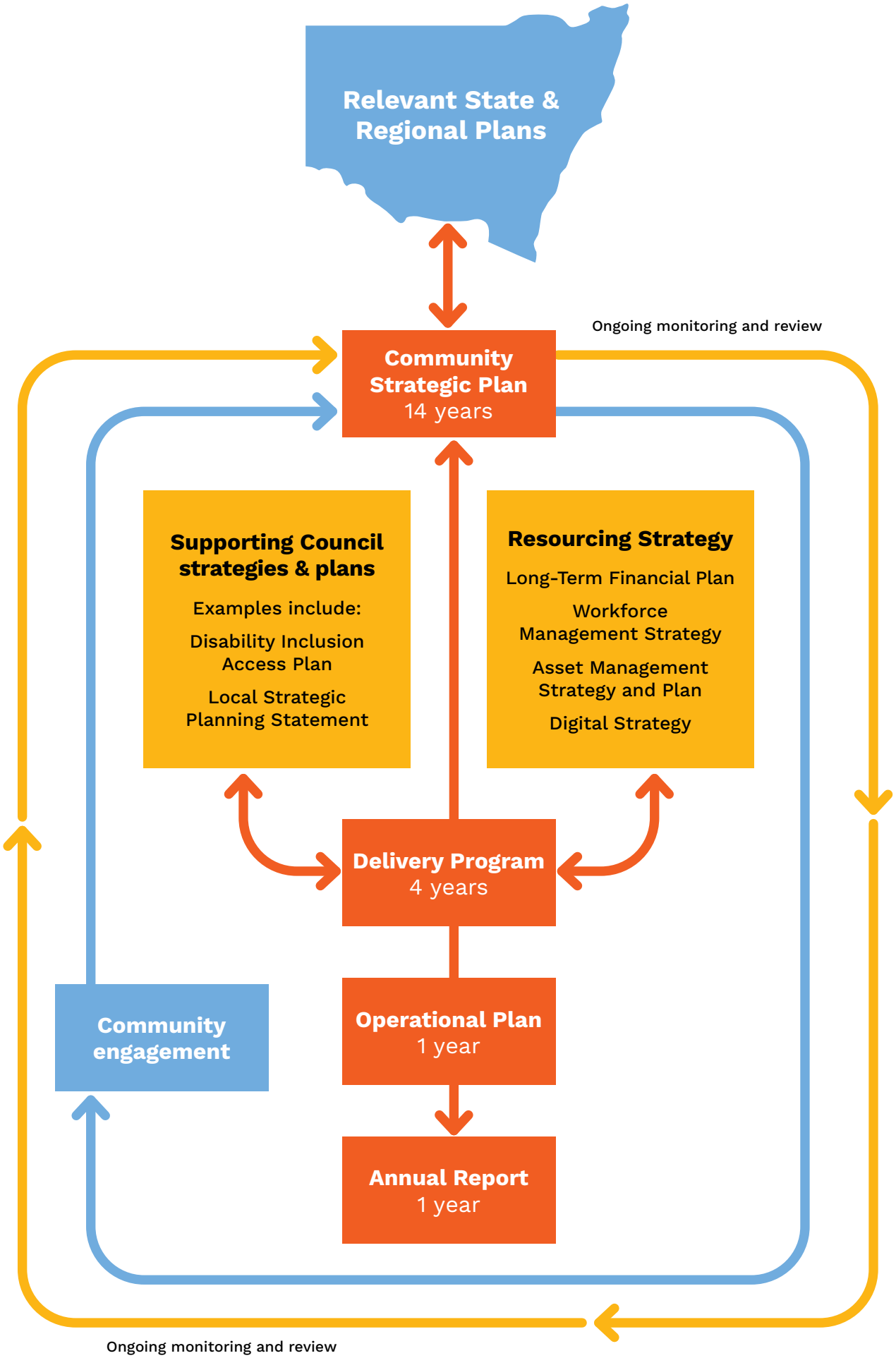


3. Strategic context

Integrated Planning and Reporting framework

In accordance with the *Local Government Act 1993*, Integrated Planning & Reporting (IP&R) is a framework that each Council in NSW must implement to ensure long term planning for the area is based on community aspirations, priorities and needs along with sound data and information. The framework (shown below) requires Council to have in place a cascading set of plans for the community and Council that translates community aspirations and priorities into action.

Introduced in 2010, the IP&R framework enables NSW councils to draw their various plans together, to understand how they interact and inform one another, and get the maximum benefit by planning holistically for the future.


Relevant State & Regional Plans
Ongoing monitoring and review
Community Strategic Plan
14 years
Supporting Council strategies & plans
Examples include:
Disability Inclusion Access Plan
Local Strategic Planning Statement
Resourcing Strategy
Long-Term Financial Plan
Workforce Management Strategy
Asset Management Strategy and Plan
Digital Strategy
Delivery Program
4 years
Operational Plan
1 year
Annual Report
1 year
Community engagement
Ongoing monitoring and review

Community Strategic Plan

The Community Strategic Plan (CSP) represents the highest level of planning Council undertakes at a local government level.

The release of Burwood2036 in May 2022 follows a program of extensive community engagement which means it is not a 'Council Plan' but rather the plan, informed and shaped by the community and reflective of community collective responses, to which Council is committed.

The CSP guides Council in ensuring the plans and resources are focused on the community's priorities, improve transparency in the decision-making process and promote greater collaboration between all government levels, agencies, community groups and businesses to achieve the desired outcomes of the CSP.

Council's service delivery, major projects, activities and actions in response to the strategic directions, outcomes and strategies outlined in the CSP can be found in the Burwood Resourcing Strategy, the four-year Delivery Program and Council's annual Operational Plan.

Local Strategic Planning Statement

In early 2018, the Environmental Planning and *Assessment Act 1979* was amended to require local government bodies to prepare Local Strategic Planning Statements (LSPS) to establish a direction on land use, planning principles and actions for the coming twenty years.

Council's LSPS accomplishes this by setting out Burwood's economic, social and environmental land use needs over the next 20 years. It sets Planning Priorities about what will be needed, such as homes, jobs, parks, transport and services. It then includes actions to deliver these priorities (short, medium and long term), building upon the work of Burwood2030.

Burwood2030 and Burwood Council's LSPS key themes

Council's Community Strategic Plan – Burwood2023

- **Theme 1** Community & lifestyle
- **Theme 2** Leadership & innovation
- **Theme 3** Healthy & sustainable environment
- **Theme 4** Planning & infrastructure
- **Theme 5** Vibrant city & villages

Council's Local Strategic Planning Statement

- **Theme 1** Infrastructure & contribution
- **Theme 2** Liveability
- **Theme 3** Productivity
- **Theme 4** Sustainability

The LSPS has identified that Burwood's economy is largely focused around the town centre with Burwood Road serving as a popular retail and entertainment spine. The health care and social assistance industry is the largest employer (3,285 local jobs in 2017-18), followed by education and training (3,189 jobs) and retail (2,801 jobs). More than 80% of Burwood's working population commute to work outside the LGA.

The community feedback included a need for improved public transport options, local services and facilities (including open space) and ensuring a balance and cohesiveness between heritage and new development.

Priorities and actions within the LSPS were organised into the four themes that were referenced in developing this strategy.


ENFIELD
AQUATIC CENTRE

4. Property portfolio analysis

Portfolio overview

Council holds and manages property to support the delivery of a broad range of services to meet the needs of the community both now and into the future. The needs and principles identified in Council strategies and policies inform why Council owns and manages property on behalf of the community.

Council's property assets are categorised based on types of use. These include:

Community benefit

Assets that contribute to improved livability, environment, sustainability, community, and positive social outcomes are regarded as beneficial to the community. These assets include open space, community hubs, amenities buildings, libraries, aquatic centres and sporting fields. While unlikely to generate positive financial returns, these assets provide beneficial social and economic outcomes by creating a more vibrant, livable LGA.

Operational premises

Council requires operational assets to provide an orderly and economically sustainable service to the LGA. It is important that assets in this category are:

- fit-for-purpose
- financially sustainable, and
- do not conflict with applicable land use planning principles

Assets in this category include Council offices and depots.

Investment assets

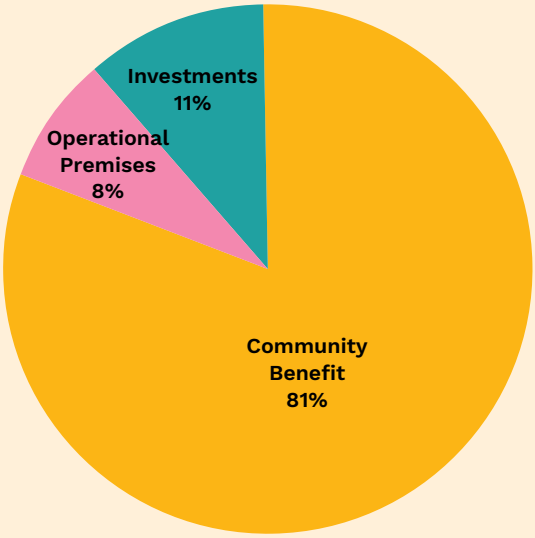
A key objective of the property portfolio is to improve Council's financial sustainability and reduce the pressure on Council's rates revenue stream. To accomplish this, Council must balance its portfolio with investment assets.



Portfolio breakdown

A majority of Council's Portfolio serves for community benefit. The balance is split between investments and operational land on a land size basis.

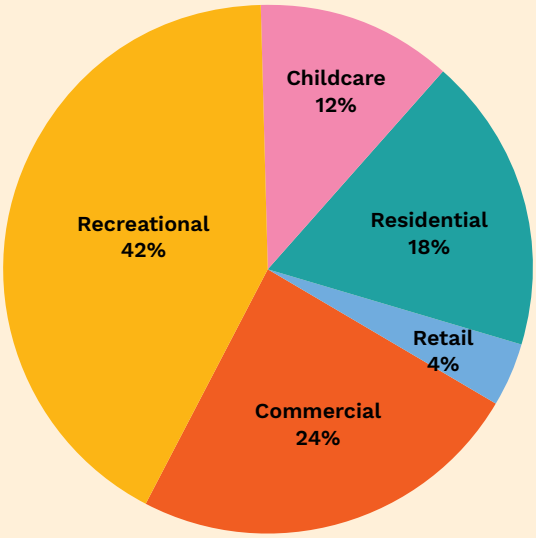
Portfolio by category



Investment portfolio by use

Council's investment assets cover all sectors, with most of the investments being devoted to recreational use on a land size basis. The balance is split between commercial, residential, and childcare, with limited exposure to retail assets.

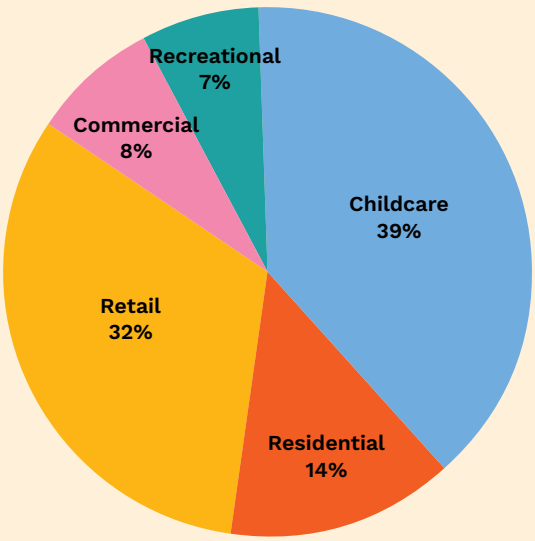
Investment portfolio by use



Gross revenue by use

Council's gross revenue is heavily weighted into childcare and retail assets (71% of total gross Property revenue for 2021).

Gross revenue by use





Land classification

Overview

Classification determines the ease with which land may be sold, leased, licensed or used for other purposes.

Council owned land is classified as Operational, Crown or Community Land under legislation and each classification has requirements that must be adhered to.

The purpose of classification is to identify clearly that land which should be kept for use by the general public (community) and land that does not need to be restricted in its use (operational).

Appendix A provides a map identifying the types of Council managed land within the Burwood LGA.



Community land

Community land is intended for public access and use. It is property held for administration, operations, recreation, and/or infrastructure uses. For example, Community land would ordinarily comprise of land such as public parks, sportsgrounds and land containing facilities such as community centres and amenities.

Community land may only be leased or licensed for up to 21 years if public notice of the proposed lease or license is given and, in the event that an objection is made to the proposed lease or license, the Minister's consent is obtained. For any term over 21 years, the Minister's consent for the issuing of the lease must be obtained.

A Plan of Management is required for community land and it must not be sold, except in limited circumstances referred to in s45(4) of the *Local Government Act 1993*.

Operational land

Operational land has no special restrictions other than those that may apply to any freehold parcel of land. Operational land would ordinarily comprise land held as a temporary asset or as an investment (e.g. commercial and residential property), land which facilitates the carrying out by Council of its functions, or land which may not be open to the general public.



Crown land

Council is the Land Manager for a number of Crown Reserves and is responsible for the care, control and management of most of the Crown Reserves located within the Burwood Local Government Area.

Any Crown land that is a public reserve for the purposes of the *Local Government Act 1993* with no appointed Crown Land Manager or that is not held under lease from the Crown is considered to be devolved to Council Management in accordance with section 48 of the *Local Government Act 1993*.

Since the inception of the *Crown Land Management Act 201*6, Councils now manage Crown Land as if it were public land under the *Local Government Act 1993*, subject to some Ministerial oversight. Transitional arrangements are in place for the management of Crown Land that does not have a current PoM. Over time Council will put in place a PoM for all Crown Land it manages.

Considerations in effective decision making

The following key considerations have informed the development of the Property Strategy and will be considered by Council throughout the implementation of the strategy:

- Financial
- Social
- Economic
- Political
- Risk
- Environmental

Financial

Council will ensure via the application of sound financial analysis and pro-active management that returns obtained on real estate assets (where deemed appropriate) achieve or exceed market value for that particular asset class.

Council and the Community derive a direct financial benefit from property activities via:

- Achieving the highest and best use of Council's land
- Minimising costs associated with the maintenance of Council's properties
- Effective performance monitoring of assets
- Ensuring investments reflect current market levels
- Staying flexible and pro-active in property dealings
- Careful analysis of the highest opportunities
- Use of the most appropriate timing and method of sale for a particular asset
- Retain land that may prove capable of supporting community facilities

Social

The social amenity of Burwood will always be considered when assessing the value of any project.

Value in property activity is not solely measured in financial terms. Benefits to Council may accrue through non-financial means such as:

- Improvements in the social amenity
- Creation of new or enhanced facilities
- Embellishment of existing open space areas
- Environmental protection

Economic

Council's real estate (as publicly owned assets) will be pro-actively managed in a way that facilitates optimal financial returns and maximises usefulness to the Community while ensuring cost efficiency.

A property portfolio with under-utilised assets denies Council the opportunity to experience alternate uses. In cases where under-utilised assets exist, consideration will be given to alternate uses that facilitate:

- Community betterment
- Recreation
- Development to promote economic growth and create employment opportunities
- Disposal for financial return
- Council's property activities can also be seen as an agent to promote economic growth within Burwood.
- Council's location as a potential tourist destination.

Political

Council will ensure clear separation exists between its role as vendor and as consent authority. It will do so via the development and application of sound probity principles as detailed in a "probity plan".

As Vendor Council will seek to obtain financial returns that equal or exceed market value. It will do so via the application of sound research and sale methods as outlined in this policy.

As Consent Authority, Council will apply the same level of scrutiny to its land dealing as it would to any external developer.

Balance

Council's will ensure that its desire to generate alternative forms of income is balanced within the context of its wider community obligations.

Risk

Council will ensure that all elements of risk are thoroughly examined prior to commencing any project be it disposal, purchase, development or lease.

Council will develop a quality control process to ensure that this occurs.

Risk associated with every property activity must be quantified, managed and minimized. Council is not in the position to accept "the higher the risk the higher the return" approach often adopted by sector investors. In other words, Council's property development/ investment proposal must expose Council to minimum risk and maximum certainty of return.

Risks associated with every proposal must be holistically assessed at the planning phase to ensure balancing of Council's various objectives:

Risks associated with property projects include:

- Property market fluctuation
- Change in economic, political climate
- Weak financial feasibility
- Lack of appropriate market research
- Lack of sensitivity analysis
- Poor project delivery or project management systems
- Unexpected costs derived from weather, strike, inflation, etc.
- Unsuitable marketing strategies
- Unsecured tenants
- Reputational
- Lack of funding i.e. high level of borrowing
- Lack of guidelines, policy and procedures
- Lack of long term asset management planning
- Not providing sufficient skills and resources
- Global economic climate
- State Government Policy

Environmental

Council will consider the impact of Environmental considerations including:

- Local Environmental Plans and Development Control Plans
- State wide Environmental Plans
- Bushfire issues
- The finite supply of land
- Water/sewerage and other infrastructure issues
- Best practice development principles



5. Strategic response

Strategic property objectives

Council has defined high level strategic property objectives which represent the tangible outcomes that will be realised from its property management activities. These objectives have been identified in direct response to the strategic direction established by Burwood2036, our CSP and the property portfolio analysis detailed in this strategy.



Provide for present and future community outcomes

Council will ensure its properties meet community needs and expectations taking into consideration future trends and changes in community demographics and ensure its property management practices are consistent with Council's strategic goals, as defined in its Community Strategic Plan.



Maximise operational efficiencies that support the delivery of services to the community

Property values, uses and needs change over time. An annual review of our needs allows for the identification of potential gaps in the property portfolio to meet service delivery expectations whilst annual review of our existing portfolio ensures the properties we have are fit for purpose, minimise our risk and maximises our benefits.

Council will ensure that its properties are maintained in accordance with best practice strategic asset management principles and are safe, secure and compliant with relevant legislation and other regulatory obligations including Council policies, procedures and guidelines.



Create an ongoing source of revenue to assist with Council's financial sustainability and to reduce pressure on rates

Council will ensure its property portfolio is managed in a financially sustainable way that optimises the balance of both commercial and community outcomes specific to each property.

Setting aside opportunities to enhance income via processes such as rental reviews and minor asset sales, Council will identify income generating opportunities within the existing portfolio.



Guiding principles

Whilst this strategy has been developed to manage Council's long-term property portfolio, it is necessary to prioritise assets for attention in the short-term to achieve our long-term vision.

Council's property portfolio is split approximately 80:20 community benefit and operational/investment assets. Council may use its net positive cashflow to continue to build its investment portfolio to provide a pathway to long-term financial sustainability.

Net proceeds from development can be reinvested back into the property portfolio where possible to continue to deliver Council's strategic objectives. Proceeds from its investment portfolio will continue to provide an income stream for Council to avoid pressure on service levels or the rates revenue stream.

The implementation of Council's LSPS creates considerable change and growth for the Burwood LGA. Council can capitalise on this growth by seeking opportunities to improve the value delivered by its property portfolio to the community through the redevelopment of its existing assets, whether itself or partnered with the market, to continue to catalyse development and capital value uplift. Or through expansion of the property portfolio as a result of voluntary planning agreements.

The following Guiding Principles will guide Council on how to achieve its property objectives for the community whilst ensuring financial sustainability.

1

Acquire properties strategically

Council will acquire properties strategically to achieve the stated objectives. Acquisition of properties neighbouring its existing landholdings has the potential to:

- augment existing open space
- add mass to a known development opportunity, or
- create a potential development opportunity to provide greater services to the community

Independent valuation of properties for acquisition will provide an indication of likely purchase price, assisting Council's investment decision. Where the property would form part of a larger development, a development feasibility incorporating the potential property acquisition will ensure the purchase price is commercially sound.

2

Review existing assets for development opportunities

A way to unlock additional funds is to redevelop existing landholdings. To determine if there is a development opportunity available to generate additional proceeds and contribute to the strategic objectives of the LSPS, the existing land use and applicable planning controls including zoning, height, floor space ratio and heritage will be evaluated to determine the highest and best use.

If the optimum use of the site is not the existing use, consolidating or relocating the use to an existing site or new site will be investigated.

3

Grow the property portfolio – redevelopment/ Voluntary Planning Agreements

Council will evaluate opportunities to retain portions of new developments for income generating purposes. For example, in a mixed-use development on Council's existing land, a portion of the constructed commercial or retail floor space can be retained to provide Council with ongoing income, while the residential or other portions may be divested as freehold. These opportunities may present by way of contributions under Voluntary Planning Agreements (VPA's).

4

Diversify income streams

Council will continue to diversify its investment portfolio income streams across all asset classes to ensure it is protected from a downturn in a particular sector. This will help to ensure it capitalises on performance in all sectors and to protect against a downside in a single asset class. These include childcare facilities, residential, retail, and commercial assets.

5

Use efficient portfolio management practices

Council will manage property assets by utilising efficient methods and external resources as necessary, such as establishing preventative maintenance schedules, longer-term leases or appointing external managing agents to deal with rent collection and tenant maintenance requests.

6

Apply a sound Governance and Probity framework

A sound Governance and Probity framework will provide Council with property projects that are viable, sustainable, reflective of the best interests of Council and its Community.

In accordance with Office of Local Government's Capital Expenditure Guidelines, all projects must have a sound project management framework in place prior to commencement, including, but not limited to, project, probity, risk management, consultation and communication plans.


UNITY

6. Action plan

The strategic action plan with the implementation timeline has been detailed in Council's four-year Delivery Program. Translating community priorities into the principal activities Council will focus on during its term in office to help move towards the community vision in the CSP.

Principal Activity	Action	2023	2024	2025	2026
Deliver Stage 4 of EAC Masterplan	Complete review of design and scope for Stage 4 of the EAC Masterplan, including community engagement	●	●	●	●
Deliver a preventative maintenance program for Council assets and facilities to ensure their ongoing viability	Undertake an audit and develop a preventative maintenance program for Council facilities	●			
Seek opportunities for land acquisition or change of use to deliver additional green, open space	Explore options for potential park expansions at Henley Park and Russell Street Reserve to deliver additional green open space	●	●		
Investigate opportunities to expand revenue from commercial operations, property portfolio and other income generating assets	Manage Council's property portfolio to optimise financial returns from Council owned properties	●	●	●	●
	Secure competitive pricing agreement from electricity retailers for the supply of Council's grid and renewable energy requirements	●			
	Develop business case financial modelling delivery plan for Council's Operation Centre	●	●	●	●

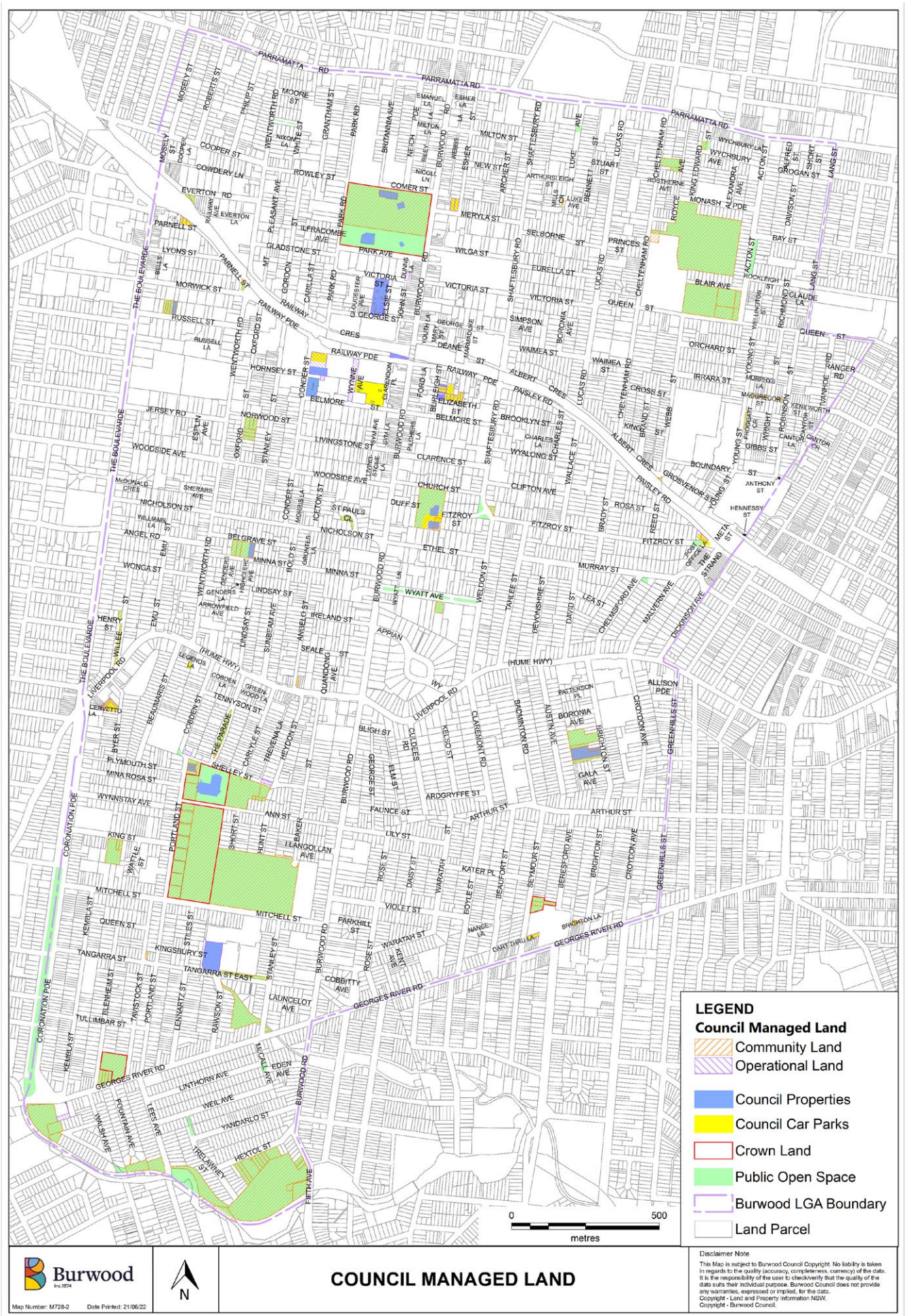
Review

The principles and objectives as outlined in this strategy have been used to develop Council's four-year delivery program and annual operational plan. As such the Property Strategy will be reviewed in alignment with this program.

Contact

Council's Property Team (02) 9911 9911

Appendix A – Council Managed Land Map







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