



SEPTEMBER 2024

# PROPERTY STRATEGY



City of  
**KINGSTON**



## Acknowledgement of Country

The City of Kingston proudly acknowledges the Bunurong People of the Kulin Nation as the Traditional Owners and Custodians of this land, and we pay our respect to their Elders, past and present and emerging.

Council acknowledges the Bunurong's continuing relationship to the land and waterways and respects that their connection and spiritual identity is maintained through ancient ceremonies, songlines, dance, art and living culture. Council pays tribute to the invaluable contributions of the Bunurong and other Aboriginal and Torres Strait Island elders who have guided and continue to guide the work we do.

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## The Property Strategy sets the direction for Council's property holdings and the basis for the review, development and implementation of policies and projects required to further Council's aspiration for its property portfolio.

The City of Kingston oversees a valuable property portfolio on behalf of the community. We are responsible for all elements of property management from acquisition and investment, through development and maintenance, to disposal of property. The Property strategy is a framework to guide portfolio management to achieve Council's strategic property objectives.

To provide community value and achieve sustainable economic benefits we need to efficiently use Council's property assets. Every parcel of council

land holds potential for community use and improved public services – either on the site itself or by generating revenue for services.

Our property assets are not unlimited, and we want to optimise their use. We can do this through strategic partnerships, innovative development plans, and adapting property use to changing circumstances.

By adopting this balanced approach, we can:

- ✓ Unlock opportunities to support our growing community and ensure long-term viability of the portfolio and the organisation
- ✓ Foster economic vitality and responsible resource stewardship for the benefit of present and future generations
- ✓ Ensure the portfolio evolves as regulatory and community requirements change while recognising that ad-hoc purchases or disposals of land should be avoided.

As portfolio managers, we must carefully navigate a broad range of strategic and operational factors when making decisions as set out in the diagram below. The Property Strategy helps guide decision-making taking into account these elements and competing priorities.



**Scope**

This Strategy relates to all Council-owned Freehold land, and any Crown Land for which the City of Kingston is the Committee of Management. It includes property that is occupied through a lease or licence or is otherwise used by third parties.

# What is property?

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**Property is at the heart of most of Council's services. Property includes various types of land and buildings including:**

- Freehold land and the buildings on it, owned by Council
- Crown Land for which the Council is the Committee of Management
- Land or buildings that Council leases from another landowner.

**Council's properties serve a variety of purposes such as:**

- Enabling service delivery by housing facilities such as kindergartens, maternal child health services, age care and youth services as well as libraries and arts and culture.
- Supporting community organisations to deliver essential services.
- Facilitating sports and recreation and leisure activities.
- Generating revenue.

**Council properties fall into five main categories:**

- Council administration: Administration offices, town halls, arts and libraries, recreation and aquatic centres and operations depots.
- Commercial buildings: Retail and hospitality premises, industrial sites, office space and service infrastructure, where Council generates a commercial return.
- Community Service infrastructure: Neighbourhood houses, senior citizens centres, youth centres, kindergartens, maternal and child health centres and public toilets.
- Open Spaces: Parks, reserves, sporting grounds and pavilions and playgrounds.
- Transport infrastructure: Covered roads, laneways, rights of ways, shared user paths and footpaths.





# Our portfolio

**Kingston's property portfolio is significant and covers a diverse range of asset classes and land holdings.**

The total portfolio value amounts to \$1.37 billion, including \$1.1 billion in assets directly owned by Council and an additional \$244 million where Council acts as committee of management.





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Commercial tenancies contribute 94% of Kingston's Property Portfolio income and occupy less than 33% of the net leasable floorspace. Sporting clubs and lifesaving activities occupy the largest volume of floorspace. They contribute 5% of the total lease revenue.

Maintaining tenanted assets costs more than double the amount that these assets generate in revenue (rents).

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**An example of some our occupiers are listed below.**



### **Commercial**

- Rococo Restaurant
- Pier Road Kiosk
- Parkers Road Kiosk
- Level 3&4 offices, 1230 Nepean Highway
- Edithvale Lifesaving Kiosk
- Keller Australia
- Carrum Cafe
- Mercy Health



### **Community**

- Childcare/ Kindergartens
- Maternal Health
- Libraries
- Arts centres and theatres
- Sports clubs rooms & pavilions
- Waves Leisure Centre
- Lifesaving clubs



### **Land holdings**

- Recreation reserves
- Neighbourhood parks
- Natural reserves
- Foreshore reserves
- Road reserves
- Off street carparking

# Purpose

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**The purpose of the Property Strategy is to ensure that Council property is managed for the long-term benefit of the community, maximising social, cultural, recreational, environmental, and economic outcomes associated with the land.**

The Property Strategy supports the long-term vision for Kingston Council as set out in the *Council Plan 2021-2025* and aligns with a range of Council's plans, strategies and policies. The Strategy sets out a long-term direction for the use and management of property in Kingston.

The Strategy will be implemented through a detailed Property Acquisitions, Major Projects and Disposals Plan. That Plan will outline the property and accommodation requirements for the coming 3 years as well as include new projects and opportunities. The Plan will be reviewed and updated annually.

The Property Strategy serves as an overarching and connecting framework. While it includes independent actions, it also aligns with other Council strategies and policies, related to Council-owned or managed properties and land.

For example, a strategy focused on recreational, or sporting activities impacts the sites leased by the

Council to sporting clubs. Similarly, environmental sustainability and major activity centre strategies intersect with this Property Strategy during discussions about land acquisitions or repurposing.

The following is a list of Council documents that will interact with this Strategy:

- Kingston Council Plan 2021-2025
- Open Spaces Strategy 2023
- Family and Children's Strategy 2020-2024
- Youth Services Strategy 2023-2026
- Arts and Culture Strategy 2018-2022
- Social and Affordable Strategy 2020
- Library Strategy 2019-2030
- Long Term financial Plan
- Play and Active Recreation Strategy
- Kingston Council Asset Plan 2021-2031
- Climate and Ecological Emergency Response Plan 2021
- All adopted Masterplans



# Principles

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**We are committed to providing property that is fit-for-purpose, efficient and recognised by the community as good value. Council has developed a set of principles that set out its values and priorities. By adhering to these principles, Council can maximise the value of council properties and foster inclusive and thriving communities that benefit from well-used public spaces and facilities.**



## Provide maximum community benefit

We are committed to community participation, cultural enrichment, economic development, climate emergency response, and access and inclusion.

Our primary focus is to maximise community benefit, with our community at the core of all our decision making decisions. To achieve this, we are dedicated to leveraging our properties effectively.

- We facilitate community access to properties for community groups and not- for-profit organisations. Each of these entities offers a specific and diverse value proposition to the Kingston community, meeting demand and directly benefiting our residents.
- We clearly articulate the value generated from each property use and allocation. Demonstrating how each property contributes to our broader goals and objectives is essential.
- We ask our tenants and licensees to provide data on the use of Council property ensure that community benefits are realised and consistent.



## Financially Sustainable

Our focus on financial sustainability drives us to evaluate all aspects of Council service delivery and operations, ensuring our long-term viability. Given that property management represents one of our most valuable assets and a significant expense, our approach must align with the strategy's core values.

- Ongoing maintenance costs for our property portfolio remain financially sustainable.
- We divest surplus and end of asset life cycle properties, reinvesting the proceeds into an acquisitions fund to meet future property and community needs.
- Our portfolio is balance between community and commercial returns.
- Users benefiting from property access contribute to reasonable ongoing maintenance costs.
- We categorise certain properties as commercial assets, leveraging them to generate income for the Council.
- We create partnerships which provide community benefits in a cost-effective way.



## **Optimising Utilisation**

Our goal is to maximise property utilisation and activation. Given that our property resources are finite and highly valuable, we must ensure that all our assets operate at their full potential.

- We minimise property vacancies.
- Properties are utilised to the best of their potential.
- We promote co-location and encourage joint occupancy arrangements for a wide range of groups, whose services complement each other and provide better access to our properties.
- Our property use contributes to the activation and preservation of our activity centres.



## **Good Governance**

As stewards of Kingston's property portfolio, we must strive for best-practice governance in all our decision-making processes. Clarity and transparency regarding decision-making procedures and authorised personnel for property-related matters is essential.

- We have a strategy and supporting policies that facilitate well-considered, timely decision-making and property transactions.
- We undertake community engagement on significant decisions.
- We ensure compliance with legislation, regulations, and delegations in all property transactions.
- We rely on evidence to make property decisions that align with our long-term strategic goals.
- We require occupants to have a lease or licence with Council.
- We standardise rental charges and maintenance arrangements across the portfolio to ensure equity, enhance customer service, and for increased community use.



*Our primary focus is to maximise community benefit, with our community at the core of all our decision making...*

# Key Actions

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While much of the detail that supports the implementation of the Property Strategy will live in the Property Acquisitions, Major Projects and Disposals Plan, we have identified some Key Actions to include in the Strategy to help guide the development of the Plan and the work of officers.

The key actions are:

- Develop a plan which supports Councils aspirations to provide housing options that cater to different income levels
- Identifying potential development and divestment opportunities
- Draft and adopt the Lease and Licence Policy
- Draft and adopt a Sale and Acquisition Policy
- Implement Property Assessment Tool

# Decision making framework

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To deliver on our strategic principles, we need to make operational decisions that align with our medium and long-term goals.

To achieve this, we have adopted policy positions across all of our key property management functions:

- Portfolio management
- Leasing and Licencing
- Acquisitions
- Divestments
- Strategic partnerships and investments



<b>Portfolio management</b>	<ul style="list-style-type: none"> <li>• Premier properties are required to generate market rent, with preference given to organisations demonstrating community benefits and capacity to pay.</li> <li>• We proactively assess our property holdings to ensure they align with our requirements and perform optimally.</li> <li>• We will apply a priority of access and shared use framework to allocate community properties.</li> <li>• There will be a balanced approach between community vs commercial decisions.</li> </ul>
<b>Leasing and licensing</b>	<ul style="list-style-type: none"> <li>• We base property allocation decisions on priority of access principles and service delivery.</li> <li>• Factors considered include community service priorities, impact, utilisation, and users' capacity to pay.</li> <li>• We encourage shared access through licenses over exclusive leases.</li> <li>• Transparent rent structures are proportionate to users' financial capacity.</li> <li>• Community groups benefiting from our properties contribute to maintenance for sustainability.</li> <li>• We maintain flexibility through agreement terms.</li> <li>• Tenants and licensees regularly report on community benefits realised.</li> </ul>
<b>Acquisitions</b>	<ul style="list-style-type: none"> <li>• We actively acquire properties aligned with our needs.</li> <li>• A strategic acquisition fund supports property purchases.</li> <li>• Enabling delegations to allow for timely action.</li> </ul>
<b>Disposals</b>	<ul style="list-style-type: none"> <li>• We actively sell underperforming properties or those that could yield better value to the community.</li> <li>• The income from these sales supports funding for future land purchases.</li> </ul>
<b>Strategic partnerships and investments</b>	<ul style="list-style-type: none"> <li>• Our partnerships and investments prioritise the best interests of current and future ratepayers and provide community opportunities not deliverable by Council in isolation.</li> <li>• Kingston will enter into partnerships or investments that supports Council reaching its strategic goals.</li> <li>• We avoid partnerships and investments that lead to cost shifting or deviate from Council-approved plans and strategies.</li> </ul>



# Property Assessment Tool

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Assessing a property's potential for redevelopment or value addition within a portfolio can be quite intricate, especially when dealing with various stakeholders. Government agencies, in particular, face the challenge of balancing competing objectives among their stakeholders.

To address this, we have created the Property Assessment Tool (PAT). This tool considers factors that influence property management decisions, allowing Council as a property owner to evaluate redevelopment options and potential sales consistently.

PAT focuses on three key criteria:

- Financial Performance
- Development Opportunity and Risk
- Overall Community Benefit

By using these categories, Council can assess surplus or undervalued/under performing properties in terms of their financial performance and their impact on the quality of life for Kingston residents.

The primary purpose of the Property Assessment Tool (PAT) is to consider the financial pros and cons of individual assets and determine if they're a good fit for Council services. It is important to note that any site recommended for development will also need a Community Impact Assessment before a potential redevelopment or sale.

Using a consistent decision tree, the assessment criteria guide the Council to either **Hold, Develop or Divest** the property.

# Evaluating and Monitoring (Actions)

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The Property Strategy will be supported by a detailed Property Acquisitions, Major Projects and Disposals Plan. That Plan will outline the property and accommodation requirements for the coming 3 years as well as include new projects and opportunities. The Plan will be reviewed and updated each annually. Actions from the Plan will be incorporated into the organisational business planning for monitoring and reporting.

An Evaluation Framework will be used to monitor the outcomes and impacts of the Strategy over time. The evaluation measures may include, but are not limited to:

- Improved balance between community and commercial delivery
- A completed structure plan
- A clear direction for new investment in affordable and social housing delivery in the municipality





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