

4.16 PROPERTY MANAGEMENT LEASES

SUSTAINABILITY THEME

Governance

OBJECTIVES

To ensure a transparent and accountable process for the disposal by way of lease of land and building assets owned in fee simple by the City of Greater Geraldton.

POLICY STATEMENT

This policy addresses short and long term leasing of property owned in fee simple by the City of Greater Geraldton.

POLICY DETAILS

The City of Greater Geraldton is the legal owner of certain land and buildings throughout the district and may from time to time choose to enter into leasing arrangements with individuals, not for profit organisations and businesses.

This policy recognises the variety and diversity of leases and recognises that no one particular style of lease is appropriate for all purposes.

This policy will ensure that all requests for lease for whatever purpose will be treated in a fair and equitable manner using open and accountable methodology and in line with statutory procedures.

This policy recognises that in relation to *commercial* leases, lessees enter in a *commercial business tenancy relationship* with the City and that the management of such leases and relationships is an Operational matter within the responsibilities of the Chief Executive Officer.

The Chief Executive will negotiate and determine upfront commercial leasing rights payments required from lessees in relation to commercial leases providing long term tenure of City land.

Leases will be negotiated consistently with the following principles:

- Compliance with the provisions of section 3.58 of the Local Government Act 1995;
- For commercial leases, lessees will be offered a sufficient tenure period to allow a commercial entity reasonable opportunity to establish the business;
- All lessees will be treated fairly and equitably;
- Independent valuations by a licensed Valuer shall be the basis for lease rentals;
- Triennium lease reviews involving an independent valuation, and annual Consumer Price Index adjustments will be applied to all commercial leases and lease rentals will be amended accordingly;
- Commercial leases providing long term tenure (for example 21 +21 years or 25 +25 years), will require upfront payment of a leasing rights fee by the lessee in recognition of the transferable capital value of the property and its non-availability to the City for other purposes for the period of agreed tenure; and
- A proposed leasing transaction shall require approval of Council in the event that any submissions are received objecting to a proposed lease, following public advertising of intent to dispose by lease.

DELEGATIONS

The Chief Executive Officer has delegated authority to authorise leases on City land owned in fee simple to the total rental value including all extensions of term up to \$500,000.

KEY TERM DEFINITIONS

Disposal means Disposing of Property pursuant to Section 3.58 of the Local Government Act 1995 and Regulation 30 of the Local Government (Functions and General) Regulations 1996.

Lease means a legally binding agreement by which one party (Lessor) in consideration of rent, grants exclusive use and possession of real Property to a third party (Lessee) for a specified purpose and term. A Lease creates an interest in the property.

Regulations means Local Government (Functions and General) Regulations 1996

ROLES AND RESPONSIBILITIES

Department of Treasury and Finance, Commercial Property Development Branch.

WORKPLACE INFORMATION

The Acts and Regulations listed may be applicable but not limited to the following:

Local Government Act 1995

Local Government (Functions and General) Regulations 1996

Land Administration Act 1997

Land Administration Regulations 1998

Land Administration (Land Management) Regulations 2006

Transfer of Land Act 1983

Transfer of Land Regulations 2004

Land Titles Registration Practise Manual 2010

Commercial Tenancy (Retail Shops) Agreements Act 1985

Commercial Tenancy (Retail Shops) Agreements Regulations 1985

Residential Tenancies Act 1987

Residential Tenancies Regulations 1989

POLICY ADMINISTRATION

Directorate		Officer	Review Cycle	Next Due
Development and Community Services		Coordinator Land and Property Services	Biennial	2019
Version	Decision Reference	Synopsis		
1.	CCS231 – 24 January 2017	CP040 EXISTING POLICY transferred to new template. Review cycle amended.		