

Property Management Framework

Frequently Asked Questions

What is the Property Management Framework?

The *Property Management Framework* (PMF) was first introduced by the City in 2012 to guide the management of all City owned and managed properties and to provide a standardised approach to tenure arrangements (e.g. leases and licenses).

Current lease and licence agreements were prepared in alignment with the 2012 Framework. Matters such as tenure periods, maintenance responsibilities, payment of outgoings and the setting of rent have all been informed by this document.

A review of the PMF was finalised in November 2022, with the proposed changes to be implemented for all future tenure arrangements.

What are the changes?

The new PMF has been updated to:

- Improve the style and formatting of the document for better use and understanding by the community.
- Provide clearer direction to existing and potential tenants on the City's approval processes for tenure arrangements and the principles underpinning them.
- Simplify tenant categories to better reflect the type of activities undertaken on/within City properties and a tenant's capacity to pay.
- Review the best and most appropriate uses for properties over the long-term through tenure period reductions.

Key features of the previous Framework that have followed through to the new document include:

- The importance of maximising access by the public to City owned and managed properties.
- Ensuring tenure arrangements entered into with the City provide an overall benefit to the public.
- Minimum tenant responsibilities for maintenance and the payment of outgoings and utilities.
- The use of market evaluations or % of Building Current Replacement Cost to determine rent.

I have an expired lease or licence with the City. What does the new Framework mean to my organisation?

Existing lessees or licensees with an expired, or soon-to-expire agreement will be contacted directly by the City to arrange a time to discuss the new PMF over the coming weeks.

What will happen with my existing agreement in the meantime?

Existing agreements will not be terminated as a result of the new PMF coming into effect and will continue under the same terms and conditions, until they are due to expire. At that time, any changes under the new PMF will apply.

All expired leases and licenses will remain in a holding position, under the same terms and conditions, whilst the City undertakes engagement with individual tenants to discuss the new application process.

This will also apply to any agreements that are soon-to-expire.

My current lease or licence is heavily subsidised. Will I have to pay more under a new Framework?

The new PMF has introduced simplified tenant categories that are based on a "capacity to pay" principle.

There will be no changes to the treatment of commercial organisations under the new PMF, who will continue to pay market-based rent.

Incorporated associations, community groups, educational providers and government departments/agencies may attract a sliding scale of rental subsidy in alignment with their annual gross revenue, if under \$10 million per annum.

This will continue to be calculated on the basis of a % current replacement cost of the building, that will vary depending on the annual gross revenue of the tenant.

The new categories are not intended as a tool to generate income for the City. The majority of existing tenants will continue to attract similar rental charges as they currently experience, should a new agreement be entered into in the future.

If an existing tenant on an expired, or soon-to-expire agreement, seeks to enter into a new arrangement with the City and moves into a higher category, the City may consider appropriate phase-in periods where significant cost implications may affect their short-term service delivery functions.

Tenants will continue to be responsible for the payment of outgoings and utility charges, as required under the current PMF.

I currently benefit from a long-term tenure arrangement with the City. Will this change in the future?

For Category B and C tenants, the new PMF adjusts maximum tenure periods down from 20 years (10+5+5 years) to 10 years (5+5 years), to provide more flexibility to review the best and most appropriate uses for the City's property portfolio over the long-term.

Circumstances where significant capital contributions are made towards the improvement of the property, and a sufficient loan-repayment period is required, maximum tenure periods may be adjusted beyond 10 years.

Category A tenants may negotiate on these periods.

I have a proposal for a new tenure agreement with the City. How do I approach this?

To support the new PMF, the City has developed a new Tenancy Request – Application Package that is available on the City's website.

The application process aims to assist potential tenants with preparing all relevant information required to successfully submit a proposal to the City for assessment.

The process is aligned to the key principles contained within the new PMF and provides a more consistent and transparent approach to tenancy evaluations.

For more information, please call **9400 4362** or email **info@joondalup.wa.gov.au**