

# **PUBLIC PROPERTY MANAGEMENT: CASE OF LEBANESE MUNICIPALITIES.**

Framework, current issues and viable solutions.

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## **Abstract:**

**Purpose-** This article intent to present an overview of the main issues related to public properties (real estate) in Lebanon local government and to realize a credible approach for the employment of real properties during the period.

**Design/methodology/approach-** The research realizes a theoretical framework that takes under consideration the “key variable” that affect the strategic management of a real estate portfolio.

The suggested approach may support public managers in the planning process, decision-making process, improving the performance of the organization and the accountability in favour advocacy.

**Findings-** The results pretend that there are still various eliminations in the management of these assets and that strategies adopted have not been concentrated on a exploratory analysis of the financial, economic and social collapse in the mid-long term, mainly answering to short-term political needs and budgetary restrictions. Unlike experiences developed in other Middle East and European countries, in Lebanon the main answer was liquidating of real estate assets, assumed as an ”only best solution”.

**Practical implications-** The article implies a comprehensive and complex approach for the management of a real estate portfolio and purposes at developing a deepness of knowledge in a field such as public property management, which can still be treated essentially unexplored by Lebanese literature.

**Originality/value-** The paper assures the strategic linked to the subject for politicians, managers, and technicians engaged in the management of a real estate portfolio.

**Keywords-** Public real properties, Lebanese local government, Managerial control system, Public asset divestment, Property management, Segment analysis, and Public ownership, divestment.

**Paper type:** Research paper

This article aims to understand the fundamental answers to public property management problems among Lebanese municipalities, through an analysis of the subject from two different perspectives:

(1) Academic, understanding a theoretical framework for the decision-making process in the field of public property management for managers and politicians engaged in the definition of these aspects.

(2) Operational, concerning the recognition of the most effective tools in order to track, the financial, economic and social collapse of the decisions supposed.

The research is structured as follows:

- **Section 1:** presents a general rehearsal of the literature, in order to define the areas and problems of the research that will be examined in the following paragraphs.
- **Section 2:** analyzes the essential assessment linked to managerial options (mainly divestments) so far embraced within Lebanese government, and outlines the recent developments in the field of public property management for Lebanese governments.
- **Section 3:** suggests the theoretical framework based on the "segment analysis", that will be related to public real estate portfolio, through the definition of several association of buildings that are linked together on the basis of type, current use and strategic relation in favor of the functions carried out by local governments.

Segment analysis it is here given as a worthy option in order to measure the performances of different "real estate management strategies" and to observe, or even compare, the effects on the organization in the short and medium term:

- **Section 4:** focuses on the testing of strategic options in the management of public property assets - contributed in the section 4.1 sub c) - and on the analysis and testing of the "key variables" that influence the decision making process and the performance measurement system proposed in the section 4.1 sub d)
- **Section 5:** is devoted to final conclusions and recommendations.

The paper assure how Lebanese experience in the domain of public property management is still in an genetic style and there are various enhancements in terms of skills, rationalization of the supervisory and theoretical framework, cultural improvements, information systems and benchmarking activities, that are of essential importance in order to accomplish an efficient, effective, sustainable and reliable management of these assets.

### **1. Public real estate management: theoretical background:**

Kaganova and Nayyar-Stone (2000), argues that the general and international literature focuses on the significance of considering real estate as a strategic portfolio whose composition, extension and employment plays a "key role" for Lebanese government performance.

Since the 1980s, many developed and developing countries have been embarking on public sector management reforms. The main reasons for commencing public sector reforms were public sector inefficiency and ineffectiveness (Economic Commission for Africa, 2003).

Governments have been constantly under pressure to improve public services quality while containing costs and enhancing public accountability at the same time (Barret, 2004).

This modern interest in this field highlighted various questions and essential problems that compelled policy makers to realize applicable solutions in order to control and manage effectively their property stocks, combining the overall strategy of an local governments with its management strategies, an objective which is in itself fraudulent for private companies as reported in some experimental researchers on the subject (Singer et al., 2007;McDonagh and Nichols, 2009).

The problems comprehend both the political and managerial occupations, because they link the key principles of real estate property portfolio management (real estate asset management strategy, public ownership, leasing, outsourcing, public-private partnership) (Deakin, 1997; Lind and Lindqvist, 2005; Anderson, 2008), other characteristics like inventory techniques, asset evaluation, accounting procedures (Andrew and Pitt, 2006; Dent, 1997; Lundström and Lind, 1996), property maintenance, efficiency saving tools (Muyingo, 2009), with the fundamental guidelines of the government of local authorities (intergenerational equity, social and financial sustainability, effectiveness, accountability). The performance of real estate management processes can be both easy and hard to standardize, depending on various factors such as technology, legal and regulatory compliance, and financial processes, the degree of political sensitivity and managerial skills on these issues, operationally flexibility and market trend.

Other reasons as the "multidimensional nature" of real estate management develops, because of expansion and importance of the essential variable factors that affect the decision-making process.

The Lebanese experience of recent years shows that it is not linked to any theoretical data and, in most cases; politicians in power rather than long-term strategic plans have imposed the decisions taken.

It has showed that municipalities forgot and eliminate the presence, the features and the performances of their real estate properties and also, they decide to destruct their properties:

Furthermore, the absence of a theoretical framework and without implementing a managerial control and a clear plan and vision for the "real estate management issues" with a bad assessment on the expected social, financial and economic collapse of the decision taken in the mid-long term also guide to the destruction of the real estate sector.

The effective analysis and accurate evaluation of the strategic plan of properties is considered as an awareness of the risks inherent in each managerial option.

Through this strategic plan that we will try to analyze, in the following paragraphs, the "public real estate problem" for Lebanese local governments, reminding the essential tendencies of last contracts, supporting a set of strategic options and suggesting a framework plan that should lead the public manager decisions. As declared, the framework plan is based on the technique of segment analysis as applied to government.

## **2. Real estate management for Lebanese LGs: problem analysis:**

Couple years ago, many Lebanese LGs did not admit the volume and the type of their real estate property stock. This odd situation, usually recommended by the audit frames, has drove to a bad implementation for the decision-making process. This circumstance command to a series of effects that are briefly recalled below:

- **Financing Constraints:** Limited access to financing and high interest rates can hinder property acquisition and development.
- **Infrastructure Challenge:** Aging infrastructure, inadequate public services, and limited access to basic utilities in some areas can impact property value and tenant satisfaction.
- **Economic Instability:** frequent political changes and instability have created an uncertain business environment, impacting investor confidence and decision-making. Lebanon has experienced severe economic instability, including high inflation, currency devaluation, and banking crises. This has affected property values, rental income, and the ability to attract investments.
- **Maintenance and Upkeep:** Limited resources and economic challenges can lead to difficulties in maintaining properties, affecting tenant satisfaction and property values.
- **Investor Confidence:** Ongoing challenges have led to reduced investor confidence, making it harder to attract both local and foreign investment in real estate.

In recent times, Lebanese government have been observing challenges that have become an economic and political trend since: the Financial Act for the 2009-2011 period has imposed a further load on municipalities devoting to the decrease of public expenses; and many local governments.

As a result of the pandemic of COVID-19 and the economic crisis that struck Lebanon in 2019 and the collapse of the national currency in light of the complete absence of the government and the Lebanese central bank and the decrease in general revenues for citizens that occurred in the last four years due and the difficulties in modifying the current expenses in their composition and amount (ANCI, 2010) le to the collapse of municipal work and the municipalities to play their main role in this field, the government have few tools with which to improve the current scenario.

Many external factors weaken the effectiveness and efficiency of the organization:

- 1- Complications in implementing structural enhancements and common policies
- 2- Increased number of services that have to be provided to the citizens
- 3- An environment of a lack of trust and credibility for government bodies

For these reasons, real estate property assets have become a fundamental instrument for public administrations in a context of increasing budgetary constraints. Government owns the majority of real estate properties, approximately 55% of the total portfolio.

## **2.1 The divestment of public real estate asset for Lebanese government:**

The management of public real estate assets for the Lebanese government faces several complex issues and challenges due to the country's unique political, economic, and social context. Here are some of the key issues:

- **Political Instability:** Frequent changes in government and political instability can lead to inconsistent policies and hinder effective long-term property management planning.
- **Corruption and Mismanagement:** Corruption and mismanagement within public institutions can lead to inefficiency, poor decision-making, and resource misallocation.

- **Financial Constraints:** Economic challenges, including currency devaluation and budget deficits, can limit resources available for public property management and improvements.
- **Lack of Data:** Insufficient data and information about public properties can impede decision-making and strategic planning.
- **Urban Planning and Zoning Issues:** Inconsistent zoning regulations and lack of comprehensive urban planning can lead to improper land use and development.
- **Security Concerns:** Political and security concerns can impact the safety and security of public properties, particularly in sensitive areas.
- **Local Governance Issues:** Decentralization challenges and limited coordination between national and local authorities can impact property management efforts.

Lebanon experience in real estate management was very poor and associated with powerful politicians and powerful mayors for their personal or electoral benefits. From here, the encroachment on public properties (land and maritime) was passing without any accountability or control.

In the absence of a shared theoretical scheme, the nepotism, and the lack in experience to manage the public properties by the municipalities, the choice of divestment for some sectors of the state has been put on the table. The choice of divestment the aforementioned assets have been made regarding it as the "best" response to the need of holding down public debt and to deal with the contingent financial and accounting tensions.

Subsequently the monetary losses, particularly in the banking area, were determined at \$83 billion, talk started about how to reimburse these losses.

Here, there was talk of hierarchies on bank deposits to recompense for portion of this loss, but this material was usually opposed by banks, investors, and the party-political for numerous reasons.

The question that stands up is, where do we get the cash to reimburse for these losses?

Here, the talk began, particularly by the banks, about vending property to the government. To this end, the Minister of Finance, Ghazi Wazni, met with the Director General of the Directorate of Real Estate Affairs and Survey, George Maarawi, and a designation from the Syndicate of Topographers in Lebanon led by Captain Jihad Boutros. They conversed the matter of collaboration between the Directorate and the Syndicate and municipalities within the context of the procedure of discovering, measuring and assessing private state property, in implementation of Resolution No. 1 Issued by the Council of Ministers on 10/21/2019, which specified in its fifth clause that “assign the Ministry of Finance to conduct an inventory of all real estate owned by the state, evaluate it, and submit a proposal to benefit from it in collaboration with municipalities.”

But what is state property and how much is its value? As per the data collected from numerous sources, State property is allocated, into public property that cannot be sold, such as streets, highways, and squares... and private property that can be sold by decisions of the political authority, such as real estate and government buildings, as well as the gold that is under the care of the Lebanese Central Bank and its sale is forbidden by law. Furthermore, sectors and institutes that can be privatized, that is, sold in full, or the private sector can be involved in them, such as electricity, communications, the port, the Casino du Liban, the Middle East Airlines, water interests, and others.

Giving the existing figures, the area of real estate possessed by the state is one billion and 200 million square meters. As for the figure that is currently being traded, it is 900 million square meters distributed over 50,000 and 106 real estate properties in many Lebanese districts.

The latest approximation of the average price per square meter by the Ministry of Finance during the era of former Minister Ali Hassan Khalil was about \$100, which means that the worth of these properties is equal to \$120 billion, noticing that some trust that price estimates could be lower than that and that the price of \$100 per square meter is inflated.

Materials in this field specifies that notable tracts of land possessed by the state were seized either by "force" or by camouflaged counterfeit, and were listed in the real estate divisions as private property. These lands, if recuperate from their "thieves," could increase the value of the state's property to record numbers, if the decision to do so exists.

Conforming to a detailed scientific study prepared by economist Dr. Qirdahi (2006), the total state ownership of public property, buildings, land and other areas amounted to \$35 billion, divided between \$12 billion worth of government buildings and \$23 billion value of land and areas owned by the state.

And if we want to estimate the property at today's value taking into consideration the inflation rate since 2006, and according to the study, we notice that it has become equal to 55 billion dollars, knowing that it does not include the price of companies or government institutes owned by the state or those that may refer to developing and then privatizing them, such as electricity and communications. As for the value of these properties based on the gross domestic product, it is close to 100 billion dollars. Some evaluate that it surpasses \$200 billion.

It is worth to mention, that 90 percent of the real estate possessed by the state is conditioned by the management and dominance of the Ministry of Finance, and the residual 10 percent is allocated between a number of ministries such as works, transportation (railways), education and agriculture, besides the army.

To conclude, the topic of selling state property and its sectors is one of the core disputed issues considering this collapsing financial and economic conditions. Though, it is notable that there is no one among the political forces who approves this process if it is to take place yet it may be.

There are those who link it to reform, and there are those who refuse it totally.

## **2.2 Recent developments in the field of real estate management for Lebanese Government:**

The absence of the following three basic elements is highlighted through the assessment of the divestment processes:

1. A strategy for real estate management that supports the organizational growth during the period;
2. Quantitative and qualitative data about the accurate volume of the whole portfolio and the nature of property owned by the Lebanese government;
3. And a performance measurement system that provides tools for the decision-making and important data for strategic benchmarking activity with other public administration.

During the 1990's, Lebanon was emerging from a period of civil war and facing significant challenges related to infrastructure rebuilding, economic recovery, and stability. Real estate management policies during this time were shaped by the need to address the destruction caused by the war and to lay the groundwork for revitalizing the country's real estate sector. A property was considered as a load on the administration, with no focus on improving its value and potential: property was leased or sold at low prices in favor of donations, public entities and meriting private firms without taking into account the possibility of profitable alternative uses.

From the operational point of view, in the past decade much government chooses the outsourcing option in favor of private entities the facility management services with the aim of reducing costs or establishing a benefit for specific people who are close to the political class (refectory, cleanings, maintenance, security, etc.) for institutional buildings and public premises.

The real meaning of "corporatization" has not yet totally accomplished the desired goals – stated in terms of efficiency, effectiveness, cost reduction, productivity, competition (Sadler, ac2000; Marobela, 2008).

In this outline, the first compulsory step will be the identification "from scratch" of a structure that exceeds the "conservative real estate management approach" applied in Lebanon during the past century and which assure the management improvement in this field and the provision of services for the community (Borgo novi, 2009).

### **3. Analysis supporting strategic planning and managerial control**

#### **Processes for Local Government:**

Business administration is varied procedures characterized by different management activities such as: planning, recruiting, communicating and controlling that take place within the entire framework and a systemic management approach.

In real estate management; theories, methodological approaches, relevant variables, operational tools and partial results can be associated.

Factors that constitute the assets of any organization are linked because they have a common aim: they contribute to the business administration and they are part of a system. An asset is evaluated as part of the total assets in terms; on its own, it has an upper value than it does within the organization. From a fundamental perspective, Public managers play a crucial role in evaluating the total assets of a government entity, which includes assessing the value and condition of all tangible and intangible assets owned by the government. This evaluation is essential for financial reporting, budgeting, strategic planning, decision-making, and ensuring proper stewardship of public resources.

Public managers must be able to forecast the valuation the assets can provide for the achievement of the mid and long-term goals.

In this context, real estate management is strongly linked to the enforcement of managerial control systems (Anthony and Young, 1999). With this in mind that we try to aim the public property issues, through the definition of segmentation criteria applied to the overall management of a LG and developed through analysis of management in space and time.

This technique assures the strong relationships between different business functions and activities, while permitting appreciation of the contribution of the various real estate properties to the functions/segments in which they are employed.

The different business segments contribute to some extent to the achievement of overall performance.

Each segment declares a certain degree of risks, rewards and complexity that has to be observed accurately. These segments include also activities, operations, processes, inputs, and results.

The aspect, frequency and consistency of these interactions with the environment have an essential influence on the capability of the organization to achieve its targets.

Most of the processes applied within a municipality and the poor correlation in local governments between the inputs and outputs making it hard to measure the overall performance of each processes. All these characteristics must be taken into consideration by the managerial control systems, in order to light of the relations between the various segments/functions, results achieved, and the contribution made by the inputs employed. For this purpose, reporting and segment analysis are considered as an efficient approach for the enhancement of the Information system and the strategic planning. This approach examines and investigates the different sub-systems that make-up the management process, boosting the relationships and linkages between the parts and lighting on all the "Key variables" that affect the decision-making process.

Spatial segmentation refers to the process of dividing a geographic area, such as a city or region, into distinct segments or zones based on certain criteria. In this case, these criteria include factors like demographics, land use, economic characteristics, social patterns, infrastructure, or other relevant attributes. Spatial segmentation is a helpful technique as it combines the analysis is of the organization as a whole with, "[...] that for sub-systems, decomposing the system into its component parts. The efficiency of this approach presumes higher importance when it takes into consideration the variable of "time". Alongside "spatial" segmentation it is also helpful to deem a "time disaggregation" that divides results and information into diverse time intervals (monthly, quarterly) measured on the basis of management needs.

The effectiveness of the segment approach depends on a number of aspects listed below, and those should be tackled prior to the real estate management analysis:

- Planning the organizational chart of LGs, emphasizing the segments processes, and inputs identifications.
- Drafting defined and well structured processes, divided into "main" and "subsidiary".
- Testing the "critical variables" for each process while supporting the decision-making operation and "external" facing stakeholder' needs and accountability.

The financial statement of a local government reports items provide readers with both short- and long-term information about the City's overall financial status so because of that readers cant obtain a disaggregated information on the results obtained by each segment of the activity. As a result of this, revenues and the operating risk of each business cannot be nor calculated or estimated.

Since these variables have a major impact on the predicted results, this shortage of information does not allow managers and stakeholders to analyze and formulate assumptions about the sustainability of the entity's overall results.

Given the diversity in terms of organizational size of Lebanese LGs, it will be challenging to visualize a viable standardized approach "as is" within different situations; however, choices about the field, object and target of an IS are strongly related to the needs and

knowledge of managers that change from situation to situation depending on the level of visualization of internal and external aspect.

#### **4. Testing the segment analysis in the public real estate management:**

In the beginning, it appears helpful to divide the property portfolio of a local government into two different categories:

**First category:** indicates to those assets employed in the "essence or core business";

**Second category:** indicates to what is generally called "asset management".

The "asset management" activities are mainly determined to satisfying citizen needs, and achieving its targets will lead to an increase in revenues and incomes.

Some of premises play a strategic role for the administrative functions and they cannot be sold to third parties, while others represent a kind of "surplus" (Avis and Dent, 2004) that can be used by those who have the power to take and make decisions according to the logic and purposes supposed most adequate.

Kaganova and Nayyar-Stone (2000), assert that this term is usually applied to situations where "urban land, owned by a government entity, is allocated for development in a more directive (vs. market) manner, in particular, without competitive procedures and without transferring ownership rights".

A municipality that reevaluate its appropriate mix of asset ownership, bearing in mind its service priorities and its mission, may decide to sell or to rent some of the landing stock or municipal enterprises that it owns, in order to reinvest in some new rentable projects and to renovate some gardens, buildings, streets and infrastructure assets (like the public water, public roads or wastewater system).

From a managerial perspective, which to ensure the best employment of premises in different activities must analyze all the possible alternatives and tools such as "mapping" of segments into the organization, tracking the deterioration of management processes and the affection of certain variables that affect the decision-making into any real estate management organization.

#### **4.1 Mapping the segments:**

LG's presents a two-fold purpose:

*The administrative purpose:* is for supplying goods and services.

*The technical purpose:* is to involve citizens in deciding specific local public needs and how to met this needs.

These two purposes are divided into two categories:

1. Departments.
2. Responsibility centers.

Local representative government is an operation that linked administration and representation with LG's structures.

#### **4.2 Analyze the most important key variables in the bottom of the segment: "Space" and "time".**

The management choice depends on a various sets of variables that are difficult to standardize. It is important to control the reliability of the information system providing useful, true, timely and selective data to support the internal reporting.

In addition to the acquired information and data about obligations and expenditures, the accounting system must provide correct and clear qualitative information regarding the organizational behavior (Mintzberg, 1983), and it must also have a dynamic and realistic analysis to study and examine historical behaviors and the management processes in order to obtain those signals that enable predicting the mid and long term scenario.

The ingathering of processes and operations into segments is very important in multi-business organizations in order to attribute to the last operating revenues, costs, assets and liabilities originating from transactions and to measure profits and losses (P&O), Returns On Assets ratio (ROA) and risks ratios of each segment.

#### **4.3 Disaggregation and employment options for LGs for real estate portfolios:**

After discussing the conceptual categories of "space" and "time", we shall clarify now:

- Supporting the essential operations, processes and activities performed by a municipality and the role played by real estate properties within the different segments identified; and
- How to define all in depth reports in real estate management.

Krumm et al. (2000) says that "the management of an organization's real estate portfolio [handled] by aligning the portfolio and its related real estate services such as facility management and property maintenance" to the needs of the core business (processes), orderly to get maximum added value for the businesses (processes) and to participate to the overall performance of the organization.

A diversified real estate property portfolio requires distinct actions in consideration of the different functions the properties are used for. In any case, since these properties are linked to core businesses, it is rational to presume that their ownership should lie with the local government in order to assure the superior protection of citizens' needs and the best employment of these assets within the organization.

Therefore, a first cluster of buildings that could be called a "strategic cluster" is determined along with those associated to the core businesses of LGs.

In this matter, Lind and Lindqvist (2005) obviously declared the options made by the Swedish National Government in order to change the management of its real estate stocks: As a start, the distinction was made between market-like "general-purpose" and "special-purpose" buildings.

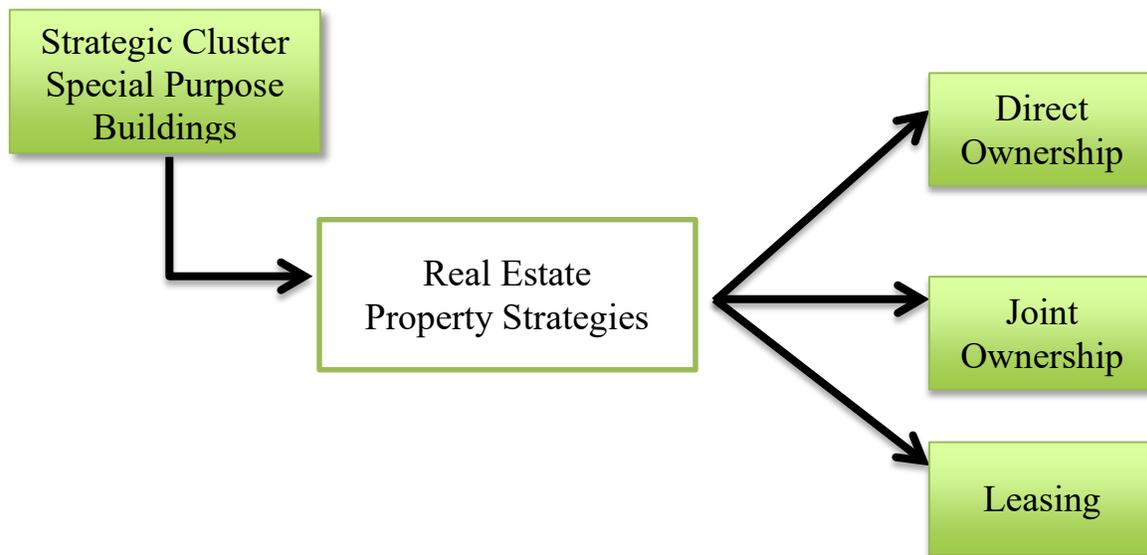
Second, a decision was taken to designate the special-purpose buildings to a number of publicly controlled units, some in the form of joint-stock companies, others in the form of public administration companies.

Apparently, the Swedish model is placed on the contrast between two major clusters of "Special purpose buildings" and "general purpose buildings". The latter involves those establishment not directly employed to delight public needs.

The former consists of assets of different kinds with diverse physical and technical features and essentials but, anyhow, consolidated by contribution in the core activities of the

organization, with the main purpose of "securing the availability of properties through a wide range of contractual options" (Muyingo, 2009).

This case has created appreciable censure primarily linked to the "flexibility level" of the decision making process (Lind and Lundström, 2010), risks allied to several managerial selections and legitimate terms.



**Figure 1.**

Some alternatives are defined in figure 1.

The correlating key variables are adopted in the top management analysis; these options are exercised through an efficient and effective process of feed-forward, which predicts the expected consequences of different options in the mid-long term.

Those options allow the accomplishment of an economic and financial balance in the shortest period.

Additional characteristics cover the operations of the “properties” for the purpose of establishing structured usage of the buildings, energy conservation, sanitation, regular maintenance, improved technology, constructive usage of communal areas and workspaces.

These previously listed features must be negotiated by building a property and facility management strategy” which can be executed within the company or by external actors practicing this field.

Aktin (2003) mention that any plan for facilities management should:

- Distinguish and set manageable and effective plans;
- Distinguishing between core and noncore activities;
- Meet the needs of the organization;
- Set up the proper resource needs for providing internally or externally services;

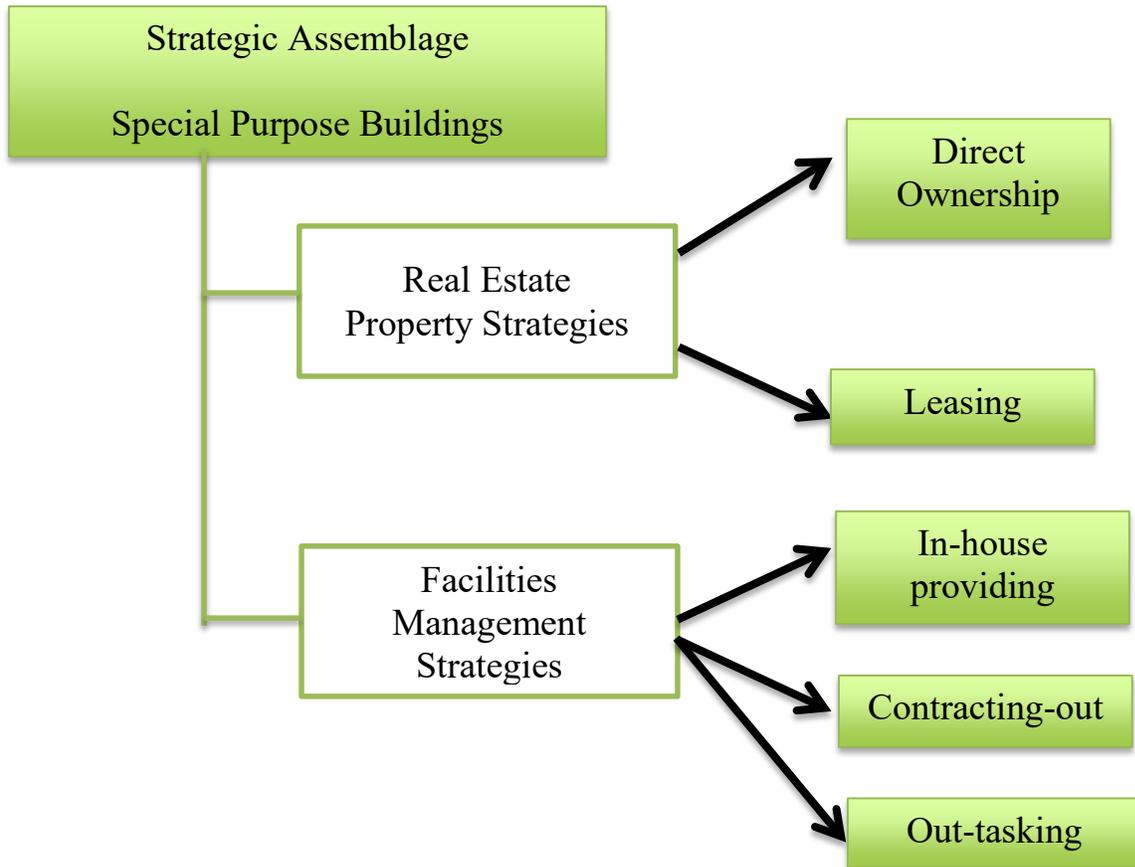
- Assume the data system as an essential key factor orderly to provide a basis for effective decision-making process; and
- Establish a clear budget to cover the short term needs and the best value for the long term needs.

Thus, facilities management can be defined as:

- Creating the best environment for the organization's primary tasks;
- Having an incorporated view of the "business infrastructure", to deliver customer satisfaction and best value.

So, it is convenient that the local governments preserve greatest control for these assets and this for three reasons:

- Increasing their total assets;
- Removing exhausted choices on future generations; and
- Rejecting any long rental contract that might reduce flexibility of uncertainty and instability.



**Figure 2.**

As shown in figure 2, the strategic assemblage is divided into two clear-cut divisions. The first division is related to the property strategy and the second is related to the facilities management strategy.

The second assemblage refers to those premises that are "frozen" and therefore, undue with reference to organization's needs. For (Kaganova et al, 1999), and from a strategic analysis, this sort of analysis and choices falls within "asset management policies" that ensures the maximum "profitability" and "maximize the financial returns on the investment".

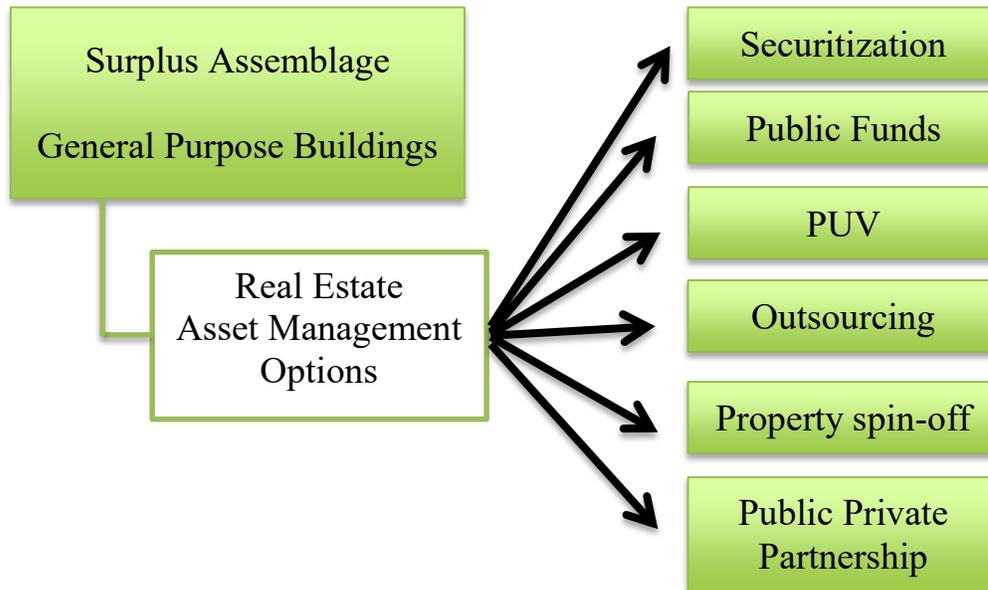
Public managers need to control, update the inventory and record all the keeping processes, also to categorize properties on the basis of financial targets and practical objectives for the organization, therefore to record all the revenues and expenses related to each property, evaluate the financial ratios for each category of properties, and finally to put a long term strategy for each category of buildings or properties in order to assure an effective management of these assemblage ".

As demonstrated by Lebanese trials, the prime disposition manifested by LGs is depriving these assets in the open market in order to increase the spending capacity and expand their monetary conditions. The inquiry of whether the current destination of the property is able to produce positive incomes and if the outcomes are satisfactory. A reassessment examination is demanded to validate that:

- The incomes gained from the engagement are higher than the expenses suffered in order to guarantee the operation of the properties.
- This positive margin can be observed as acceptable associated to what could be attained with other practices of the properties. Since, if the margin is negative, it is clear that fundamental business does not get any profit from the current usage; certainly, it has to tolerate a load that would vanish if the properties were divested.

Nevertheless, if the margin is insufficient, it means that the present practice is no longer suitable. Both ways, new habits for the properties have to be created in order to supply directly or indirectly to the accomplishment of strategic purposes and the development of the general performance.

Alternative option is that some assets are "freeze". As a hypothesis, this should be only "borderline cases", because a redundant asset still engenders charges (sunk cost) that do not have the form of instant monetary expenses. Certainly, their frequency will be much higher, if the asset's employment is postponed in the future. Knowledge shows, regrettably, that is not just borderline cases but a extensive tendency for Lebanese LGs and the powers given to municipalities are restricted either by influential people or politicians to perform their role effectively. For these assets, as part of the extra cluster, the employment has to guarantee the effectiveness and, accordingly, contribute to the complete performance of the organization.



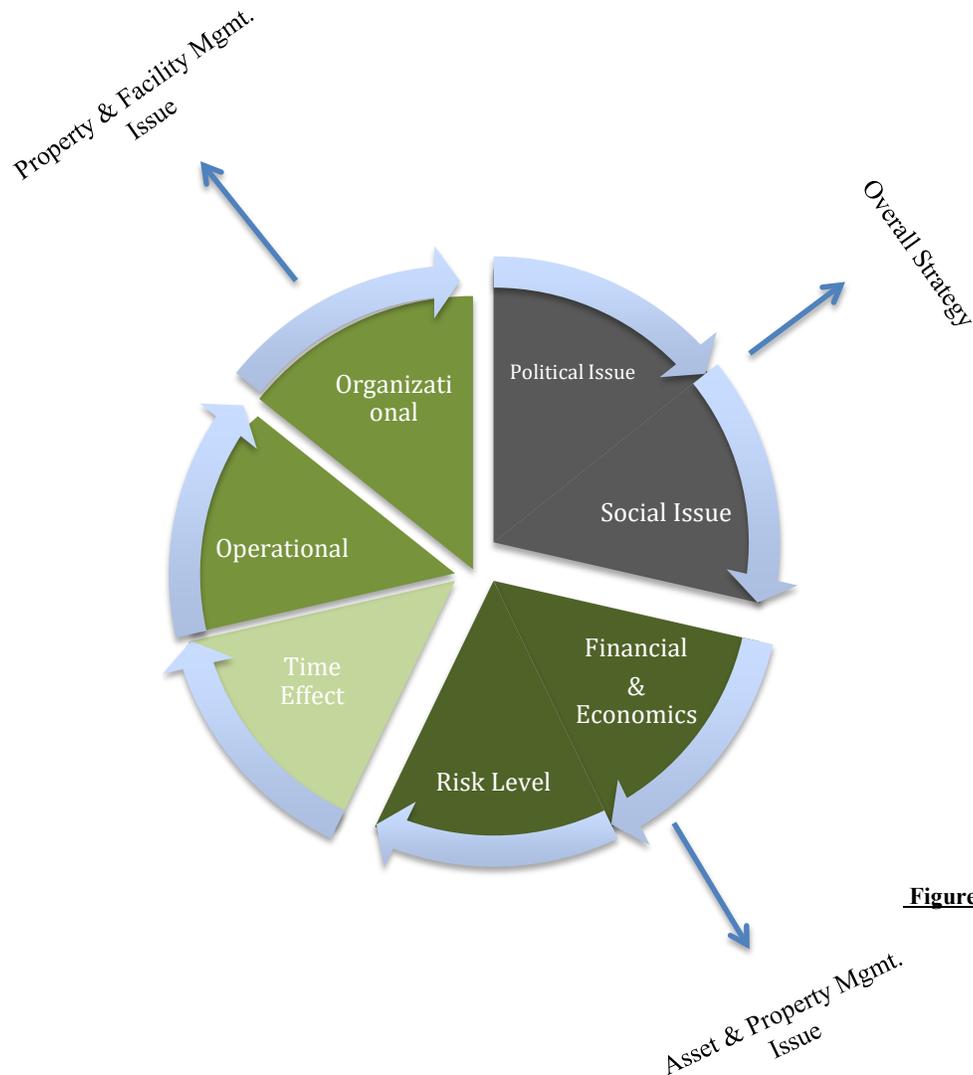
**Figure 3.**

In figure 3, find the possible management options listed for these selection or cluster. Every selection is considered as an answer offering benefits and features that must be undoubtedly controlled. When the organization turn on to out deploying the management of the properties and all connected activities, some possibilities are measured as beneficial. Other choices like financial instruments such as public funds or securitization that are usable to transactions of worthy value that cover huge real estate portfolios; other initiatives are appropriate for renovation or utilization of existing buildings; others are significant when a new facility (football stadium, sports stadium, music halls, arena...) and other kind of projects as infrastructure projects requiring enormous investments for a long period of time (public private partnership). Yet, the possibility of seeing a "freeze" property as an excess in comparison to the present requirements of the local government do not generate the conclusion that it cannot find future engagement in the central businesses. The decision-making procedure has to adopt an active perception and has to outline suitable performance assessment scales to assess the outcomes in progress along with the expected improvements that might arise during the time. To do so, it is essential to estimate:

- What is its cost whilst unoccupied and who exactly will tolerate the financial effect?  
Is it capable of re-letting/disposal in its present state?  
What would expand its lettability/disposability, at what cost and over what period of time?  
When is the prime time to dump it?  
Who are the best individuals to supervise, improve, and dispose of the property?
- Who monitors it and guarantee value for money is attained overall (Avis and Dent, 2004)?

#### 4.4 Key variables for the decision-making process:

All the business combinations accomplished within a municipality are divided “horizontally” by asset management. The multidimensionality of the topic is also linked to the main problems illustrated in Figure 4.



**Figure 4.**

All these matters trigger numerous key figures that impact the decision-making process as in table 1.

A useful management tactic for public real estate strategy has to ensure the most relevant relationship between the variables and the expectations. Mainly, a viable and long-lasting balance should be initiated to reduce the "risk component" of each option. Public managers must identify the caution signs that come from the environment, and simultaneously exploit

the capacity of the organization in the accomplishment of overall targets. Mediation of interests, balancing among political goals and investors' requirements, monetary stability, efficiency gains, risk valuation, investment planning, building life-cycle perspective are some of the "key success factors" for real estate management in the public sector.

Flexibility of the decision-making procedure, as proposed by the Swedish example of public real estate management, and perception of the "external dynamics" are critical conditions for the success of an organization implicated in real estate management subjects. However, flexibility is not roughly equal, nor does it have to lead to illogical practices! To be consistent, and to allow organization to achieve its goals, a tactical procedure has to follow a clear hypothetical context and must adopt social sustainability and financial steadiness as favorite drivers of the decision-making procedure, "ensuring the continuous viability..." of a municipality in the mid-long term (Scorsone and Padovani, 2009).

#### **4.5 LG's responsibility and disclosure for real estate management processes**

Italian literature emphasized on the key boundaries of the accounting system implemented by a LGs. Mostly associated to the neglect of a system that mostly implement short term, poor legibility of financial statements, low utility "for decision making purposes" of the materials created by accounting systems, trouble in evaluating intergenerational equity (see Caperchione, 2004).

The topic is severely related to the consistency of the accounting system and to the accountability level accomplished by the organization.

Conferring to Romzek and Dubnick (1987): "public administration accountability involves the means by which public agencies and their workers manage the diverse (expectations generated within and outside the organization".

Accounting and reporting variations were highly required to improve the clarity and correlation of the performance of public sector entities. As detected by Lee and Fisher (2004): "the growth of public-private partnerships and the use of commercial confidentiality clauses in contracts raises the awareness of the need for consideration of accountability and public interests"

Organizations have been obliged to reply to concerns about the social and environmental effects of the activities they execute. That is also true of real estate management activities since there is a solid interest - stated by municipality stakeholders - in the use of their assets. A set of measurable and qualitative information has to be dedicated to these matters to improve the relations among politicians and their voters and increase awareness of what is possessed and how to manage it correctly.

#### **5. Closing comments:**

Conclusions concerning the property contribute significantly to the municipality's appeal and the future growth of society. The time horizon of the political system is quite short, while real estate is a long-term asset, which may generate further struggles. Over the next few years, IGs encountered two main challenges in the real Public property estate management field: As a start, to explain the utility of public property stock for the provision of public services to residents and other investors. Second, as per the management regulatory outline, to modify the housing stock to "green buildings" with a considerable decrease of energy usage and environmental effect.

In both cases, public real estate strategy must be responsive to the political flow or rather to what the governments wants it to be.

In conclusion, the public real estate has to generate added value, which means knowing how to interact with different participants and making a correct evaluation of their concern in real estate. (Evers et al, 2002). In 1994, Byrne observed, "[...] three years ago the goal of achieving effective property asset management might have been, or should have been, a strategic aim for an existing authority. Now it has to be the actual target of such authorities, recognizing that some of them may not exist in a few years' time" (Byrne, 1994). And also for Cheaito (2023) there is a crucial need to re-imagine the role of municipalities and give them a greater voice in policymaking to conduct local economic development, which entails an intersectional approach—bringing the private sector, civil society, and local communities together for inclusive and sustainable development programming. Any form of decentralization must be coupled with transparency and accountability mechanisms to ensure that the power of the ruling elite is not simply transferred to local elites. Until then, the international community needs to be well aware that calls for decentralization need to be grounded in these realities. Otherwise, Lebanon will end up with unfunded local mandates, whereby the cost will be largely borne by the majority of society.

To ensure a more sustainable and prosperous future, municipalities must seek a balance between external financial support and their own revenue generation. By reducing their reliance on the Independent Municipal Fund, municipalities can foster financial resilience, promote local development initiatives, and align their resources with the specific needs and aspirations of their communities. Overcoming this financial dependency on the fund and striking a balance between external support and local revenue generation are crucial steps toward fostering sustainable growth and empowering municipalities to address the unique needs of their communities.

Sixteen years later we are working with local governments that have not yet comprehended the significance of this description. The endurance of a municipality relies on, somehow, on an operative and consistent real estate management strategy.

The above-mentioned issues are very serious and must be spoken to improve the planning and managerial control system of a real estate property portfolio. These objectives can be achieved also through an authorization of the internal reporting system, emphasizing on the substances that influence the measurement of real estate performance such as: (see Haynes and Nunnington, 2010, The UK Office of Government Commerce, Working with IPD).

- Occupation costs,
- Rental systems,
- Occupied space per person,
- Ways of utilization of common space ,
- Fairness of the rents applied.

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