

REPORT 2
 (1215/53/IM)

GRANTING OF A NEW LEASE TO KARORI COMMUNITY HALL TRUST

1. Purpose of Report

To seek the Committee's approval for the granting of a lease over land at 7 Beauchamp Street, Karori

2. Executive Summary

This report provides a description of the Karori Community Hall Trust (Trust) and their request for a lease of land to build a community hall facility. Officers' are recommending that a lease is granted to the group to enable the Trust to enter into a lease with the Council, subject to certain conditions and milestones being met.

The land is classified as suburban centre and outer residential. This lease will be granted under the Local Government Act 2002.

The Leases Policy for Community & Recreation Groups 2001 (the Leases Policy) provides guidance for assessing new leases. This process includes assessment of the strategic fit, activity sustainability, optimal use of resources, environmental impact, demonstrated need and support from the community and the need for a lease.

3. Recommendations

Officers recommend that the Committee:

- 1. Receives the information.*
- 2. Approves, subject to the conditions below, the granting a lease to Karori Community Hall Trust.*

Location	Term	Annual Rental	Annual Maintenance Fee	Type of Lease
<i>Land at 7 Beauchamp Street, Karori</i>	<i>10 years + one renewal of 10 years</i>	<i>\$180 per annum, on commencement of the lease</i>	<i>N/A</i>	<i>Ground lease</i>

3. *Notes that :*

- (a) *Any approval to grant a lease is conditional upon :*
- (i) *The Council setting aside the land for 5 years from 3 May 2007 for the provision of a community hall; and*
 - (ii) *The Lessee obtaining all resource consents, on terms and conditions in all respects satisfactory to the Lessee, required for the construction of the building for the required use; and*
 - (iii) *The Lessee to provide a project plan including estimated costs and timelines for the construction of the hall by 31 December 2009; and*
 - (iv) *The Lessee to provide details of all funds raised for the construction of the Hall by 31 December 2009 and thereafter on an annual basis until 31 December 2011; and*
 - (v) *The Council being satisfied on an annual basis that the Trust is realising the financial goals in (iii) above; and*
 - (vi) *Appropriate consultation with iwi;*
- (b) *Note no Minister of Conservation approval is required as the land does not have Reserve status.*

4. Background

4.1 Overview of the Community & Recreation Leases

The Council provides leases of land and/or buildings to a wide range of groups undertaking various activities. Leases are important to provide certainty for the Council and groups in regard to their property obligations and to provide a framework for asset management.

4.2 Strategic Context and Direction

The lease renewal process provides the Council with an opportunity to evaluate a group's community value and contribution to the various Council strategies and policies relevant to recreation and community groups. These strategies and policies are:

- Social and Recreation Strategy
- Environmental Strategy
- Leases Policy for Community and Recreation Groups

Social Strategy

The role of the Wellington City Council in the social domain is focussed at the community level. The Social and Recreation Strategy is premised on the basis that strong communities are those that have

- a robust social infrastructure, that is, there is sound provision of amenities, facilities and key social services

- are cohesive, that is, there is a high level of community participation, strong networks and empowered community groups.

In some respects infrastructure is concerned with buildings and organisations and cohesion is concerned with relationships and engagement. Both aspects are interdependent and critical to strong communities.

Leases Policy for Community and Recreation Groups

The Leases Policy also reinforces Council's significant role in fostering the well-being and strength of communities by facilitating networks, providing recreation opportunities and supporting community facilities. The objectives of the Leases Policy are to:

- strengthen communities through leasing land and buildings to groups;
- ensure that the provision of leases is fair, equitable and responsive to community needs; and
- formally standardise the requirements of the lease.

The Leases Policy outlines the process for a new lease and lease renewal. The process for a new lease, where the land has not previously been leased is outlined in Section 3.3.

4.3 Assessment of new leases

New leases have a strong degree of stringency and critical appraisal (particularly those anticipating construction of a new building) during the assessment process. There are six assessment criteria against which any application is assessed

Consideration of the assessment criteria will be in terms of future potential rather than past performance

New leases apply in instances where either the land and/or buildings have not previously been leased or there has been an existing lease, but the lessee has not elected to renew it and it is available to be leased to another group.

The process for a new lease is as follows:

- Step 1. An application is made to the Council for a new lease and the applicant provides Council officers with relevant information including, financial information, historical patterns of use and future prospects.
- Step 2. Officers evaluate information, including assessing whether the group will be sustainable (membership and financial), their activities are consistent with Council's strategic direction and objectives. If there is evidence that these criteria are met to a significant extent a new lease will be available to the lessee.
- Step 3. Communicate officers' decision to the applicant. If a new lease is recommended then negotiate draft lease tenure, rental and terms and conditions.
- Step 4. Seek approval in principle from Regulatory Committee.
- Step 5. Public notification following the Reserves Act process.

Step 6. If all approvals are granted and no objections are sustained, then lease documents will be prepared.

4.4 Lease Agreement and Documentation

The Lease Policy provides guidance and a framework for the lease agreement process and documentation. This includes lease rental and tenure, procedural matters, and the responsibilities and requirements of the lessee and the Council.

The Council offers ground leases and premises leases to community groups. Some groups own their own building and are responsible for its maintenance and insurance. In these cases the Council can offer a ground lease, which is a lease for the land only. Groups that lease Council owned buildings are granted a premises lease. These groups lease both the land and the Council owned buildings on the land; they pay a maintenance fee to the Council for their share of the external maintenance costs.

Leases offered to community groups are a standard format in accordance with Leases Policy and Committee's resolution of 7 February 2007, as amended by the Property law Act 2008. The standard leases cover the following terms and conditions:

- reporting requirements
- allocation of responsibilities between lessee and lessor
- payment of rates, water and other utilities
- maintenance of buildings, structures, vegetation and land
- insurance
- granting security against a lease
- termination of leases
- external signs
- external commercial advertising within leased areas.

4.5 Term of Lease

In accordance with the Leases Policy the standard tenure for leases is ten years and one further term of ten years (the renewal). The standard term for a lease on Town Belt is 10 years with no automatic right of renewal.

However, there are occasions where it is appropriate to use a degree of flexibility in the term of a lease. This flexibility is at the Council's discretion and is designed to allow Council to respond to changing community needs and expectations. The reasons a shorter or longer term may be offered are limited to the following circumstances:

Table 1: Reasons for a shorter or longer term may be offered.

Shorter Tenure	Longer Tenure
Declining trends in an activity	Recognition of past asset investment
Evolution of activities that will compete for assets	Proposed asset investment
Alternative uses are planned by the Council for the lease asset (for example, demolition of the buildings in a number of years)	To provide certainty for external funding purposes
Life expectancy of facility/ assets is less than lease tenure	Dependence by community or membership on continuity of a key activity
Group asks for a different tenure	

4.6 Monitoring and Reporting Requirements

The Council is interested in the ongoing performance of community and recreation groups so it can monitor the achievement of strategic objectives for the city. The reporting requirements in the lease are not intended to be a control mechanism, rather a means of communication between the groups Council. Reporting generally includes the requirement for:

- Membership numbers and usage rates
- Community events run through the leases
- Financial information

4.7 Community centres

Community Centres make a significant contribution to Wellington City by providing community activities, services and meeting spaces for local people. The Council aims to maximise the use of amenities and resources such as community centres by working collaboratively with communities to ensure the best delivery of services and programmes, and improve social cohesion.

Community centres are one of the Council's responses to fulfil its vision for the city's communities. A community centre is part of an integrated city-wide network of community resources. It is a facility that provides opportunities for social interaction, activities, recreation, events, programmes, interest-based courses and meeting spaces that benefit the local community. Community centres identify and meet local community needs in interactive ways, are open to all people, and complement other resources in the community.

5. Discussion

History

On 3 May 2007 the Strategy and Policy Committee received information on the outstanding issues of the Karori Town Centre Redevelopment project.

The paper sought guidance on the how to resolve two issues which included the provision of the community hall as part of the Karori Community Centre. The minutes of the meeting confirm the following resolution, in part:-

5. *Note that the Karori Hall Replacement Committee is seeking alternative sources of funding to build a new community hall on the site adjacent to the new community centre.*
6. *That the land next to the Community Centre is made available to the Karori Community Centre and Karori Community Hall Replacement Committee* for the period of five years for the purpose of building a community hall.*
7. *That this arrangement will be reviewed by end of 2009 to determine whether significant progress has been made towards fundraising for a hall.*

*(*or a Trust to be established for the purposes of fundraising for and constructing a hall)*

Karori Community Hall Trust

The Karori Community Hall Trust (Trust), established in July 2007, details in it's constitution to provide a multi purpose hall for meetings, recreation, cultural and other leisure activities for the residents of Karori and the Greater Wellington Area.

The Trust is well supported in the local Karori community and is continuing to increase membership through friend of the Trust and Advisors. The committee of the Trust plans to use the membership base to assist in fund raising for the hall. The Trust is aiming to fundraise for the entire cost of the Hall. Initial plans have been provided to officers for their information.

The Trust has requested a lease from Wellington City Council to enable them to fund raise for the cost of the hall construction.

Term	10 year lease plus one renewal of 10 years. This term is in accordance with the standard term outlined in the Leases Policy. The term will commence if all the conditions in the agreement have been met.
Rental	\$180 per annum to commence from the grant of the lease.
LTCCP Implications	The granting of a lease to the Karori Community Hall Trust is in alignment with the Social and Recreational Strategy.
Strategic Fit	Contributes to Better Connected and More Liveable Outcomes.

6. Conclusion

Officers recommend that the Committee exercises its delegated authority to approve the grant of a lease to the Karori Community Hall Trust subject to the conditions identified in section 3, (Recommendations).

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Supporting Information

1) Strategic Fit / Strategic Outcome

The Leases Policy supports Council's overall vision of Creative Wellington – Innovation Capital. This fresh lease supports Council's activities as promoter of social well being of communities in the present and the future. Agreement to grant a lease will contribute to Council ensuring the best delivery of services and programmes (see outcomes 6.1-6.5 Social and Recreation Strategy)

2) LTCCP/Annual Plan reference and long term financial impact

There are no financial or LTCCP implications arising from the recommendations. All costs associated with preparing the new Lease are met by the Lessee.

3) Treaty of Waitangi considerations

Iwi will be consulted.

4) Decision-Making

The land upon which the lease sits is Fee simple and therefore decisions regarding Leases over the land are the responsibility of the Council as Land Owner.

5) Consultation

a) General Consultation

The Council will call for submissions as envisaged by the Leases Policy for Community and Recreational Groups.

b) Consultation with Maori

Iwi will be consulted.

6) Legal Implications

Council's lawyers will be consulted during the development of a solicitor's certificate.

7) Consistency with existing policy

This report recommends a fresh lease with Karori Community Hall Trust which is consistent with the Council's LTCCP in regard to Strategy 6: Social and Recreation. Directly related to:

- More liveable*
- More actively engaged*
- More inclusive*
- Better connected*