

QLDC Council
3 June 2021

Report for Agenda Item | Rīpoata moto e Rāraki take : 8

Department: Property & Infrastructure

Title | Taitara New lease over 59 Buckingham Street to Hofmans Architects

PURPOSE OF THE REPORT | TE TAKE MŌ TE PŪRONGO

The purpose of this report is to consider granting a new lease over 59 Buckingham Street, Arrowtown known as the “Granny Jones’ Cottage” to Hofmans Architects Ltd.

RECOMMENDATION | NGĀ TŪTOHUNGA

That Council:

- a. **Notes** the contents of this report;
- b. **Approve** a new lease to Hofmans Architects Ltd, over 59 Buckingham Street, Arrowtown, subject to the following terms:

Commencement: TBC

Term: 5 years

Renewals: 1 further term of 5 years by agreement of both parties

Rent: TBC

Reviews: 2 yearly

Permitted Use: Offices with supporting bike hire (via sublease)

Insurance: Lessee to hold Public Liability Insurance of at least \$2,000,000

OPEX: Payable by the lessee

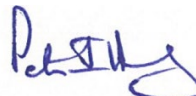
- c. **Delegate** signing authority and agreement of final lease terms to the General Manager Property & Infrastructure.

Prepared by:



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Property Advisor
3/05/2021

Reviewed and Authorised by:



Peter Hansby
GM Property & Infrastructure
17/05/2021

CONTEXT | HOROPAKI

1. Hofmans Architects currently have a lease over the Granny Jones' Cottage at 59 Buckingham Street, Arrowtown. The property which is historic (Category 2 HNZ) and has a prominent location on Buckingham Street, has been owned by the Council since a fundraising and acquisition effort led by the community in approximately 2010. The property is held in freehold and does not have a reserve classification.
2. The Council first granted Hofmans Architects a lease over the building in 2011, subsequently extended in 2016 through until the 31 March 2021. The lessee is currently holding over in the building with Council consent.

ANALYSIS AND ADVICE | TATĀRITANGA ME NGĀ TOHUTOHU

3. The business has operated and leased from the Council for approximately ten years and can be regarded as a good tenant for the Council. The owner Maarten Hofmans operates a success architecture practice from the building.
4. A new lease is being sought over the building. It is proposed to grant the lessee a new term of five years with one right of renewal of a further five years.
5. The Council has previously approved a sublease of the rear of the site to a bike hire business (Arrowtown Bike Hire). It is proposed to continue this arrangement under the new proposed lease.
6. The annual rent to be charged has not yet been set in part due to Covid-19. It is proposed to keep the lessee on holding over provisions under their current lease and at the current rental, until the end of 2021, at which point the rent and new lease will be set.
7. Option 1 Approve the new lease over 59 Buckingham Street, Arrowtown to Hofmans Architects.

Advantages:

8. A Council property will be fully utilised by an existing business, reducing oversight of what might otherwise be a vacant property.
9. Council will be supporting a long-standing business in the Arrowtown community.
10. Will reduce operational costs to the Council, as the lessee will be responsible for these.
11. Council will receive income from the lease.

Disadvantages:

12. The building will be permanently leased for a period of 5 years, limiting other options for its utilisation.
13. Option 2 Decline the new lease.

Advantages:

- 14 The building will not be permanently leased for a period of 5 years, limiting other options for its utilisation.

Disadvantages:

- 15 A Council property will not be fully utilised by an existing business, reducing oversight of what might otherwise be a vacant property.
- 16 Council will not be supporting a long-standing business in the Arrowtown community.
- 17 Will not reduce operational costs to the Council.
- 18 Council will not receive income from the lease.
- 19 This report recommends **Option 1** for addressing the matter because it continues the leasing of a property to an existing tenant, that will reduce costs and provide income to the Council.

CONSULTATION PROCESS | HĀTEPE MATAPAKI:

> SIGNIFICANCE AND ENGAGEMENT | TE WHAKAMAHI I KĀ WHAKAARO HIRAKA

- 20 This matter is of medium significance, as determined by reference to the Council's Significance and Engagement Policy as it relates to a Council strategic asset however it does not impact on Council's capability and capacity, and does not transfer control of the property which is already under an existing lease.
- 21 The people who are adversely affected by or would be significantly interested in this matter are the residents, visitors and ratepayers of the Queenstown Lakes District. The Council has consulted with Arrowtown Cottages Trust and Promotional groups about the new lease, with no objections raised.

> MĀORI CONSULTATION | IWI RŪNANGA

- 22 The Council has not undertaken specific consultation in relation to this proposed re-leasing of a Council property.

RISK AND MITIGATIONS | NGĀ RARU TŪPONO ME NGĀ WHAKAMAURUTANGA

- 23 This matter relates to the *Community & Wellbeing risk category*. It is associated with RISK00009 within the QLDC Risk Register. This risk has been assessed as having a High inherent risk rating.
- 24 This matter relates to this risk because it seeks to grant a mid-term lease over its land, and this risk needs to be highlighted when granting a lease.

FINANCIAL IMPLICATIONS | NGĀ RITENGA Ā-PŪTEA

25 Rent will be payable by the lessee at market, set later in 2021. The lessee will pay for lease drafting fees.

COUNCIL EFFECTS AND VIEWS | NGĀ WHAKAAWEAWE ME NGĀ TIROHANGA A TE KAUNIHERA

26 The following Council policies, strategies and bylaws were considered:

27 Significance and Engagement Policy 2014 - providing clarity on Council's decision making processes and assessing the extent to which individuals, organisations, groups and sectors in the community are affected by the Council's decisions.

28 The recommended option is consistent with the principles set out in the named policy/policies.

29 This matter is included in the Ten Year Plan/Annual Plan as rental income from the property is included within Council budgets.

LOCAL GOVERNMENT ACT 2002 PURPOSE PROVISIONS | TE WHAKATURETURE 2002 O TE KĀWANATAKA Ā-KĀIKA

30 The recommended option:

- Will help meet the current and future needs of communities for good-quality local infrastructure, local public services, and performance of regulatory functions in a way that is most cost-effective for households and businesses by providing income for other Council activities; and
- Is consistent with the Council's plans and policies; and
- Would not alter significantly the intended level of service provision for any significant activity undertaken by or on behalf of the Council, or transfer the ownership or control of a strategic asset to or from the Council.

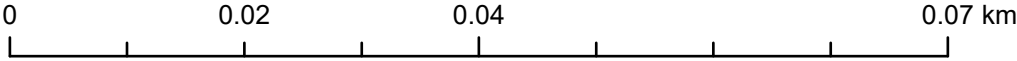
ATTACHMENTS | NGĀ TĀPIRIHANGA

A	Plan of Lease Area
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59 Buckingham St, Arrowtown



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Scale: 1:564

Map Date:
22/04/2021



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