

QLDC Council

23 March 2023

Report for Agenda Item | Rīpoata moto e Rāraki take [6]

Department: Property & Infrastructure

Title | Taitara : QEC Surplus Land Lease

Purpose of the Report | Te Take mō te Pūroko

The purpose of this report is to consider leasing surplus land at Queenstown Events Centre to the Whakatipu Community Hub Charitable Trust, for the purpose of constructing and operating a new community services hub.

Executive Summary | Whakarāpopototaka Matua

The proposal is to lease surplus land which is located at the north-eastern edge of the Queenstown Events Centre and is accessed from Murchison Road, Frankton. The proposed lease area comprises approximately 1.02ha.

After an Expression of Interest process in May 2022, the Whakatipu Community Hub Trust was selected as a partner for a lease on the surplus land.

The proposed lease to the Whakatipu Community Hub Trust is for 34 years and 364 days.

Recommendation | Kā Tūtohu

That the Council:

1. **Note** the contents of this report and;
2. **Approve** Option 1 to lease part of Lot 2 DP 476309, part of Section 61 Block I Shotover SD and part of Section 62 Block I Shotover SD, to the Whakatipu Community Hub Trust for the purpose of constructing and operating a community hub facility.
3. **Delegate** to the Chief Executive approval and execution of the final lease terms and conditions.

Prepared by:



Reviewed and Authorised by:



Name: Quintin Howard
Title: Property Director

27 February 2023

Name: Tony Avery
Title: General Manager – Property &
Infrastructure (Acting)
1 March 2023

Context | Horopaki

1. In May 2022 an Expression of Interest (EOI) went out to the market to receive community proposals on potential uses for QLDC owned land that was deemed surplus under the Draft QEC Master Plan.
2. The proposed leased land is located at the north-eastern edge of the Queenstown Events Centre and is accessed from Murchison Road, Frankton (Attachment A – Location of Surplus Land). The proposed lease area is part of Lot 2 DP 476309, part of Section 61 Block I Shotover SD and part of Section 62 Block I Shotover SD. The proposed lease area comprises approximately 1.02ha (Attachment B – Proposed Lease Area). The land is located on the fringes of the Queenstown Event Centre (QEC) and is setback and to the west of a bar and restaurant, The Crown Pub and Beer Garden.
3. Council received five submissions for the EOI. The submissions were from: KiwiHarvest, New Zealand Motor Caravan Association, Queenstown Airport Corporation, Queenstown Cricket Club and Whakatipu Community Hub Charitable Trust.
4. After analysis and evaluation of the received submissions the panel decided to work with the proposal submitted by Whakatipu Community Hub Charitable Trust. The results of the EOI and tentative lease terms were also shared in a Council Workshop in November 2022.
5. The Whakatipu Community Hub Charitable Trust – (the Trust) submitted their EOI to QLDC to enable it to build and operate a Community Hub (The Hub) on QLDC land for the benefit of Social Agencies operating in the Whakatipu, and the ultimate benefit of the community (Attachment C – EOI Submission).
6. The Trust was formed in 2019 to provide a Community Hub like other very successful hubs around NZ. The aim is to provide secure, affordable, fit for purpose, and future-proofed facilities for Social Agencies, along with opportunities for collaboration between the organisations.
7. The land offered by Council under this EOI provides a rare opportunity to create the Hub in a location that is accessible by public transport and major roading connections, while also offering discrete access to the property without overt visible attention. This is important to ensure members of the community who are at risk can access the site safely and without fear of attention or repercussion.
8. The Trust has undertaken research into similar community offerings around the country. The Trust focused on similar Hubs operating in Tauranga as the Kollektive, Christchurch as the Loft, and learnings from Alexandra House and Wanaka Community Hub.

Analysis and Advice | Tatāritaka me kā Tohutohu

9. The proposed initial construction would comprise 2 X 900m² double-storey buildings and associated accessways and car parking. Once Stage 1 buildings are approaching capacity – estimated to be within the first 5-10 years – a third and fourth building can be added as Stage 2 with a further 900m² each. A cluster of buildings, in contrast to one or two large buildings,

ensures the Trust can meet the planning constraints of the QEC site (Attachment D - Concept Site Plan)

10. The Trust will work within the expectations of the existing designation and planning parameters for the site. Under QEC designation 29, the key planning restrictions on the land are:
 - a. Maximum Building height of 8 Metres
 - b. Setback from the State highway 6 of 20 metres (not applicable)
 - c. Setback from other legal roads of 5 metres.
 - d. Maximum Building footprint of 450m²

11. The proposed design for the hub includes a seamless link with the QEC sports fields. This would enable some people to park at The Hub and walk onto the sports fields. However, the design places the buildings away from the cricket grounds, and out of any potential ball strike zone.

12. Key Lease Conditions:

Lessor: Queenstown Lakes District Council

Lessee: Whakatipu Community Hub Charitable Trust

Land: All of the Lessor's land located at the north-eastern edge of the Queenstown Events Centre and is accessed from Murchison Road, Frankton. The proposed lease area is part of Lot 2 DP 476309, part of Section 61 Block I Shotover SD and part of Section 62 Block I Shotover SD. The proposed lease area comprises approximately 1.18ha.

Initial Term: 34 years and 364 days from the Commencement Date

Commencement Date: TBC

Annual Ground Rent: \$1.00 per annum plus GST

Value of Improvements: At the end of the lease QLDC is committed to paying for the improvements onsite. The agreed value is 50% of the construction receipts.

Permitted Use: Offices, meeting rooms and community events as permitted under the operative district plan

Outgoings: All rates, charges, levies, assessments, duties, impositions, expenses, insurance premiums and fees from time to time payable in relation to the Premises

13. The full proposed lease is attached to this report. (Attachment E – Draft Deed of Lease).

14. Community consultation was advertised through multiple QLDC channels from 12 December 2022 to 16 January 2023.

15. The Let's Talk survey page received 93 visitors and 25 submissions. The survey asked the respondent two main questions; their position on the proposal to lease Council-owned land at QEC, and their position on the length of the proposed lease. The results are summarised in the table below.

	Support	Neutral	Oppose
Position on proposal to lease Council-owned land at QEC.	24	1	0
Position on length of the proposed lease.	20	5	0

16. All responses were supportive or neutral.
17. One substantial issue in relation to the air noise impact of the adjoining airport was identified after consultation. Queenstown Airport Corporation (QAC) have raised concerns about “Activities Sensitive to Aircraft Noise (ASAN)”, and as such they do not support this facility on this site.
18. QAC has appealed some provisions in the Proposed District Plan to prohibit activities sensitive to aircraft noise on land in the Open Space and Recreation zones within the Queenstown Airport Noise Boundary and Queenstown Airport Outer Control Boundary.
19. The QAC appeal is independent of this proposal to lease surplus land at QEC to The Trust. ASAN issues in regard to District Plan rules are matters that are subject to Environment Court appeal processes which are yet to be determined.
20. To mitigate this concern the lease includes a “No Complaints” clause regarding airport activity, and The Trust is designing buildings with high acoustic ratings. The Trust will also need to apply for any consents or approvals in the normal manner.
21. Option 1 Grant the lease of surplus QEC Land to the Whakatipu Community Hub Charitable Trust, for the purpose of constructing and operating a Community Hub.

Advantages:

- Provides space for modern purpose-built community services in the Whakatipu Basin
- Integrates the surplus land with QEC (to the west) and the adjacent commercial activities (to the east)

Disadvantages:

- Lease removes ability for QLDC to use the land for other purposes during the term of the lease.

22. Option 2 Do not grant lease of the surplus land to the Whakatipu Community Hub Trust.

Advantages:

- Retains option to use land in the future for a yet to be identified purpose

Disadvantages:

- Whakatipu Community Hub Trust would not have a location for the establishment of modern facilities.

23. This report recommends **Option 1** for addressing the matter because the proposed Whakatipu Community Hub is the best option for the surplus land, as identified in the EOI process.

Consultation Process | Hātepe Matapaki

Significance and Engagement | Te Whakamahi I kā Whakaaro Hiraka

24. This matter is of high significance, as determined by reference to the Council's Significance and Engagement Policy because the land Council is considering leasing is part of the Queenstown Events Centre, asset listed in the above policy. Legal advice confirms that QLDC is not required to carry out a Special Consultative Procedure (SCP) for the proposed lease of land to Whakatipu Community Hub. As the lease site is vacant land, it is considered that the lease does not require the SCP, unless the lease would result in the Council no longer having control of The Queenstown Events Centre, as a strategic asset. This is not the case, given the lease is for a relatively small amount of land within QEC. Further, lease terms address the extent that QLDC retains control of the land if necessary.
25. While the SCP is not required for the lease, it was considered whether any other form of consultation was required. This was determined with reference to sections 76 to 82 of the Local Government Act.
26. The persons who are affected by or interested in this matter are residents and ratepayers of the Queenstown Lakes District. Whakatipu Basin residents with potential to use the services of the proposed Community Hub.
27. The Council has undertaken community consultation outlining the anticipated conditions of the lease and the proposed use of the land as a Community Hub.

Māori Consultation | Iwi Rūnaka

28. The Council has not undertaken any independent or specific consultation with Iwi.

Risk and Mitigations | Kā Raru Tūpono me kā Whakamaurutaka

29. This matter relates to the Community & Wellbeing risk category. It is associated with RISK00009 Ineffective management of community assets within the QLDC Risk Register. This risk has been assessed as having a high inherent risk rating.
30. The approval of the recommended option will support the Council by allowing us to transfer the risk. This shall be achieved by leasing the surplus land to the Whakatipu Community Hub Trust.

Financial Implications | Kā Riteka ā-Pūtea

31. It is proposed that Council will receive an income of \$1.00 per annum + GST.
32. All legal fees associated with issuing the lease will be met by the applicant.
33. The proposal does not include any ongoing financial obligation to the proposed new buildings or the Whakatipu Community Hub trust.

34. At the end of the lease (34 years & 364 days) QLDC is committed to purchasing the improvements for 50% of the construction value. This value will be determined at end of the construction. The Trust estimates construction costs \$21.6 million for a fully completed 4 building facility.
35. Achieving a commercial lease rate for this land or selling on the open market for a premium is unlikely. To achieve this would require removal from the strategic asset register and community consultation.

Council Effects and Views | Kā Whakaaweawe me kā Tirohaka a te Kaunihera

36. The following Council policies, strategies and bylaws were considered:
- Significance and Engagement Policy, 2021
 - The recommended option is consistent with the principles set out in the named policies.
 - This matter is not included in the Ten-Year Plan/Annual Plan but has no effect upon it.

Local Government Act 2002 Purpose Provisions | Te Whakatureture 2002 o te Kāwanataka ā-Kiaka

37. Section 10 of the Local Government Act 2002 states the purpose of local government is (a) to enable democratic local decision-making and action by, and on behalf of, communities; and (b) to promote the social, economic, environmental, and cultural well-being of communities in the present and for the future. This proposed lease enables the delivery of community services. As such, the recommendation in this report is appropriate and within the ambit of Section 10 of the Act.
38. The recommended option:
- Can be implemented through current funding under the Ten Year Plan and Annual Plan;
 - Is consistent with the Council's plans and policies; and
 - Would not significantly alter 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 | Kā Tāpirihaka

A	Location of Surplus Land
B	Proposed Lease Area - Survey
C	EOI Submission - Whakatipu Community Hub Trust
D	Concept Site Plan
E	Draft Deed of Lease