

**QLDC Council  
10 October 2019**

**Report for Agenda Item | Rīpoata moto e Rāraki take: 9**

**Department: Property & Infrastructure**

**Title | Taitara Lease of 14 Nairn Street to Living Options Charitable Trust**

**PURPOSE OF THE REPORT | TE TAKE MŌ TE PŪRONGO**

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The purpose of this report is to consider granting a lease over 14 Nairn Street to Living Options Charitable Trust.

**RECOMMENDATION | NGĀ TŪTOHUNGA**

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That Council:

1. **Note** the contents of this report;
2. **Approve** a new lease over 14 Nairn Street, Lot 11 DP 8405 subject to the following conditions:

|                          |   |
|--------------------------|---|
| Commencement             | TBC   |
| Term                     | Ten (10) Years  |
| Renewals                 | Nil   |
| Rent                     | \$1.00 pa at commencement pursuant to the Community Facility Pricing Policy   |
| Reviews                  | N/A   |
| Use                      | Day activity facility and community base for the Living Options group.  |
| Consents                 | Lessee to obtain resource consent for the activity (if required) and building consent for any alterations (if required), at the Lessee’s cost                                 |
| Purchase Option          | Lessee to have the option to purchase the property at Council valuation, if requested (subject to the requirements of ss 140 and 141 of the Local Government Act 2002).       |
| Cancellation/termination | Lessee to have the right to cancel the lease during the term. The Lessee must reinstate the building to its original condition upon termination or cancellation of the lease. |

Outgoings

Lessee to pay rates, public liability insurance of \$2 million and repairs and maintenance and insurance excess.

Lessor to pay building insurance. Lessee to pay cost of converting the building for their use.

3. **Defer** part of the Council resolution dated 23 June 2017 relating to disposal of 14 Nairn Street (Agenda item 10, part 7):

*Approve the land being declared as surplus land to be sold in accordance with the Property Sale and Acquisition Policy 2014 or with any subsequent reviews and amendments to it, and publicly notifying this intention (once ministerial approval has been obtained)*

4. **Recommend** recording the property as being surplus in Council's next Ten Year Plan.
5. **Delegate** final lease details and signing authority to the General Manager of Property and Infrastructure.

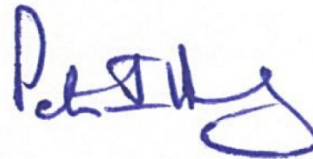
Prepared by:



Dan Cruickshank  
Property Advisor

26/09/2019

Reviewed and Authorised by:



Pete Hansby  
GM Property & Infrastructure

26/09/2019

**CONTEXT | HORPOAKI**

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- 1 The land at 14 Nairn Street with legal description Lot 11 DP 8405 is owned by the Council as a result of the Crown granting an endowment on the 11 July 1876, with the purpose being “an endowment for the Municipality of Arrowtown”. The land is freehold. The Council recently purchased the building/improvements from the former lessee in 2017.
- 2 Council passed a resolution on 23 June 2017 to sell the property and it was listed for sale by tender in late 2018 but no sale was concluded. If the proposed lease is approved that resolution will need to be deferred.
- 3 Living Options Charitable Trust (Living Options) provide a valuable contribution to a number of families in the district as a day activity and respite centre for disabled people. They have operated in Alexandra for over twenty years and have a substantial facility there. In 2018, they were granted a short term lease of a small building in the Lakeview development block which is due for demolition. The Trust has been working with Council since that time to identify a suitable alternative site that could act as a mid to long term base for their Queenstown operations.
- 4 Early in 2019, the Council listed the 14 Nairn Street property for sale by tender. Whilst several offers were received, they were not at a level at or above the market valuation for the property which at that time was \$985,000.
- 5 Living Options inspected the property at 14 Nairn Street in July 2019, whilst the property was listed for sale. The property was subsequently de-listed, with the intention to relist it at a later date subject to market conditions.
- 6 Living Option’s unqualified estimate is that in order to make the property fit for purpose, they would need to renovate it at a cost of approximately \$150,000, which they acknowledge would be at their cost. The Council will require that upon cancellation or expiry of the lease, that the trust reinstate the building to its current condition. The Council does not require a right of early termination in favour of the lessor, as the community group requires a minimum duration in order to have the certainty of investment, and the risk to Council to need to cancel during the term is considered low given the Trust’s history of successful operations.
- 7 Living Options Trust has already had meetings and discussions with a significant number of Queenstown families with disabled family members and many of them have already inspected the Nairn Street property. They strongly agree that the proposed Nairn Street location is ideal and by far the preferred location for the facility. The reasons include that, Nairn Street is a quiet and safe location that is still within easy walking distance of the reserve across the road, the Arrow river walking track, the Arrowtown village, and the Arrowtown swimming pool.

**ANALYSIS AND ADVICE | TATĀRITANGA ME NGĀ TOHUTOHU**

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- 8 Living Options is keen to take a lease of the property and use it as a day activity centre. They provide services for more than thirty people in Alexandra on a full-time basis. A significant number of families in Queenstown, Arrowtown and Wānaka are currently taking their family members to the Trust base in Alexandra. The Trust wants to start

offering families the same support and services locally for the many disabled people in the district. There is no other organisation in the extended Central Otago region that is undertaking this critically important work of supporting residents of the area who live with an intellectual or physical disability.

- 9 During the term of lease, Living Options will continue to look for an alternative site where they can construct a purpose-built facility similar to what they have in Alexandra. However, it should be noted that 14 Nairn Street may become a long-term base for the Trust if an alternative site cannot be found or funded. Granting a medium-term lease will provide the Trust time to look for another suitable long-term location, whilst still providing the Council with an option to sell the building in the longer term, to benefit the Arrowtown Community with the sale proceeds. In preparing for and carrying out any future sale, the Council would ensure that its obligations under ss 140 and 141 of the Local Government Act 2002 regarding the sale of endowment property are met.
- 10 Living Options will be required to meet the cost of resource and building consents if required, and pay utilities, rates and repairs and maintenance for the property, and provide public liability insurance. Council will pay for replacement insurance for the building, but the Lessee would pay for any applicable excess (if required).
- 11 The Community Facility Funding Policy does not specifically address situations where a Charitable Organisation that has paid staff is occupying a Council building. For “a charitable voluntary organisation providing community services in support of Council’s Community Outcomes” it is recommended that no rental is to be charged. The example used in the policy is the Citizen’s Advice Bureau (CAB). However, CAB does have limited paid employees as do Wakatipu Abuse Prevention Network (WAPN) who also occupy a Council building for no rent. Living Options are providing services in support of Council’s community outcomes and they are a Charitable Trust and therefore they compare with CAB and WAPN, and no rent should therefore be charged.
- 12 Option 1 To approve a lease of 14 Nairn Street to Living Options Charitable Trust subject to the terms and conditions outlined in this report.

*Advantages:*

- 13 Will provide for a greater community utilisation of the property.
- 14 Will enable Living Options to establish a base for their activities for up to ten years that provides for a local facility for day activities for disabled residents of the Queenstown Lakes District.
- 15 Will enable the Council to derive income from the property in the medium to long term, either through rental income from a future tenant, or sale income.

*Disadvantages:*

- 16 No income will be generated from the property (sale or lease) for up to ten years.
- 17 Option 2 To decline the lease request.

*Advantages:*

- 18 May allow Council to receive an income from rent or an earlier sale of the property;

*Disadvantages:*

- 19 Will not provide for a greater community utilisation of the property.
- 20 Will not enable Living Options to establish a base for their activities for up to ten years that provides for a local facility for day activities for disabled residents of the Queenstown Lakes District.
- 21 This report recommends **Option 1** for addressing the matter because Living Options provide a valuable service to local families for the medium term while they continue to search for a permanent site.

**CONSULTATION PROCESS | HĀTEPE MATAPAKI:****> SIGNIFICANCE AND ENGAGEMENT | TE WHAKAMAHI I KĀ WHAKAARO HIRAKA**

- 22 This matter is of low significance, as determined by reference to the Council's Significance and Engagement Policy because it does not relate to a significant asset.
- 23 The persons who are affected by or interested in this matter are residents/ratepayers of the Queenstown Lakes district community, and in particular families with a disabled family member who might benefit from the facility or immediate neighbours of the property.
- 24 As the matter is of low general public significance and will be of significant benefit to many families from the local community, no consultation is proposed. However, the application for resource consent for the activity may trigger future public consultation.

**> MĀORI CONSULTATION | IWI RŪNANGA**

- 25 The Council has not consulted with Iwi regarding the proposed lease and no specific consultation is proposed.

**RISK AND MITIGATIONS | NGĀ RARU TŪPONO ME NGĀ WHAKAMAURUTANGA**

- 26 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 Low inherent risk rating and in fact will improve community wellbeing for sectors of the community.
- 27 The approval of the recommended option will support the Council by allowing us to avoid the risk. This shall be achieved by making a decision in a timely way.

**FINANCIAL IMPLICATIONS | NGĀ RITENGA Ā-PŪTEA**

- 28 Granting the lease will not incur any costs for Council, but there is potential lost revenue of approximately \$24,000 per annum if the property were to be leased for residential purposes and deferred sale income estimated at \$985,000.

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

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

- Community Facility Funding Policy
- Significance and Engagement Policy

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

31 This matter is not included in the Ten Year Plan/Annual Plan

- However, has no effect upon it.
- It is recommended to record the property as a potential disposal in the Council's next Ten Year Plan.

## LEGAL CONSIDERATIONS AND STATUTORY RESPONSIBILITIES | KA TURE WHAIWHAKAARO, ME KĀ TAKOHAKA WAETURE

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In preparing for and carrying out any future sale of endowment land, the Council must ensure that its obligations under ss 140 and 141 of the Local Government Act 2002 regarding the sale of endowment property are met.

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

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32 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 granting a lease for a Charitable Trust that provides health to the disadvantaged sector of the community at nil consideration;
- 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 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

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A Property Plan and photo