

REPORT 3  
(1215/53/IM)

## GRANTING OF A FRESH GROUND LEASE TO WELLINGTON TENNIS INCORPORATED

### 1. Purpose of Report

To seek the Committee's approval to grant a fresh ground lease over Town Belt land to Wellington Tennis Incorporated, known as the Renouf Tennis Centre, at Central Park in Brooklyn.

### 2. Executive Summary

This report provides a description of Wellington Tennis Incorporated, who has applied for a fresh lease with the Council.

The ground lease will be granted under section 54 (1) (b) and (c) of the Reserves Act 1977.

### 3. Recommendations

Officers recommended that the Committee:

1. *Receives the information.*
2. *Approves, subject to the conditions below, the granting of a fresh ground lease to Wellington Tennis Incorporated under the Reserves Act 1977 (the Act):*

<b>Location</b>	<b>Term</b>	<b>Annual Rental</b>
<i>Central Park, Brooklyn</i>	<i>10 years</i>	<i>\$15,000 + GST per annum</i>

*Any approval to grant a fresh lease is conditional upon:*

1. *Appropriate consultation with iwi and Friends of the Town Belt;*
2. *The Lease being publicly notified in accordance with sections 119 and 120 of the Act and any approved Management Plan;*
3. *There being no objections or sustained objections resulting from the abovementioned consultation or notification; and*
4. *The lessee pays for the legal and advertising costs associated with preparing the lease*

## **4. Background**

### **4.1 Overview of Community & Recreation Leases**

The Council leases 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 assessment 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
- Recreation Policy
- Leases Policy for Community and Recreation Groups
- Reserve Management Plan(s) (if appropriate).

#### ***Social and Recreation Strategy***

Community group leases fit under the Social and Recreation Strategy. This strategy aims to build strong, safe and healthy communities for a better quality of life. The Council has committed to provide greater leadership to promote a high level of social cohesion and participation.

The Social and Recreation strategy encourages collaborative partnerships with our recreation and sports groups to ensure the best delivery of services and programmes and maximise use of amenities and resources.

#### ***Environment Strategy***

Community group leases also fit within the context of the Environment Strategy, which emphasises sustainable development and the protection and enhancement of our natural environment. The strategy recognises the inter-relationship between social and cultural well being and the environment. It aims to make Wellington more liveable, where our natural environment is more accessible to all for a wide range of social and recreation opportunities while not compromising our environmental values.

#### ***Recreation Policy***

The Recreation Policy identifies quality recreation and leisure opportunities enhance the city as a place to live and visit, and contributes to community well-being. It aims to offer a diverse range of accessible and affordable recreation

activities, enhance the contribution of recreation events to the city's economy, and encourage participation.

The Council understands that recreation is provided to a wide section of the population via organisations such as sports, recreation, and community groups. The Council plays a pivotal leadership role and aims to establish strong partnerships with these organisations and groups to provide recreational opportunities for the city's people.

### ***Leases Policy for Community and Recreation Groups***

The Leases Policy for Community and Recreation Groups (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. It calls a renewed lease a 'new' lease. The process is outlined in Section 4.4.

### ***Town Belt Management Plan***

The Town Belt Management Plan supports leasing land to groups provided their activity is primarily concerned with public outdoor recreation, is open to public participation, does not restrict public access, and is not detrimental to any of the other values of the Town Belt. The term of the lease shall be no more than 10 years, with no right of renewal.

#### **4.3 Assessment of new leases**

New leases are those where there is no current lease in place, and the group or the Council seeks to formalise this relationship. The Council recognises that most groups have made investments in assets and this is a key consideration in the evaluation of any lease. The process for a new lease is as follows:

1. Applicant provides Council officers with relevant information including financial information, historical patterns of use, and future prospects.
2. Officers evaluate information and assess whether the group will be sustainable (membership numbers and financially), their activities are consistent with the Council's strategic direction and objectives, and consider their previous lease performance.
3. Communicate officers' decision to the applicant. If a new lease is recommended then the officer negotiates lease tenure, rental and terms and conditions of the lease.
4. Seek approval in principle from the Regulatory Processes Committee.

5. Public notification following the Reserves Act process.
6. If all approvals are granted and no objections are sustained, lease documents will be prepared.

#### **4.4 Assessment of fresh leases**

Fresh leases are those where the existing tenant has applied for a renewal of an existing lease. The process for a fresh lease is the same as above, however the tenant is known to the Council and it is easier to assess their viability, membership levels etc.

#### **4.5 Lease agreement and documentation**

The Leases 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 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 the Leases Policy and the Regulatory Processes Committee's resolution of 7 February 2007. The standard lease covers 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
- subleasing
- granting security against a lease
- termination of leases
- external signs
- external commercial advertising within leased areas.

#### **4.6 Term of lease**

A standard term under the Leases Policy is ten years and one further term of ten years (the renewal). However the Town Belt Management Policy restricts the term of any lease to a maximum period of 10 years and overrides this aspect of the Leases Policy.

There are occasions where it may be 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 deviate from standard policy to respond to changing community needs and expectations. The reasons a shorter term may be offered are limited to the following circumstances:

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

<b>Shorter Tenure</b>
Declining trends in an activity
Evolution of activities that will compete for assets
Alternative uses are planned by the Council for the lease asset (for example, demolition of the buildings in a number of years)
Life expectancy of facility/ assets is less than lease tenure

#### **4.7 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. Annual reporting generally includes the requirement for:

- membership numbers and usage rates;
- community events run through the leases; and
- financial information.

## **5. Discussion**

### **Tennis in New Zealand**

Nationally, tennis features in the top 20 list of participation activities highlighted in the 2007/08 SPARC NZ Active Survey. Tennis ranked 11<sup>th</sup> in participation levels nationally, with a total of 304,675 people participating in the sport.

Tennis New Zealand has recently completed a national review of the sport resulting in the number of national centres reduced from 27 regional bodies to 6 strategic geographical sites. Wellington is a strategic centre within the newly formed central region.

### **Wellington Tennis Incorporated**

Wellington Tennis Incorporated (the club) was known as The Wellington Lawn Tennis Association Incorporated until 1996. The club was established in 1908, and approached the Council in 1945 requesting consideration be made for land

at Central Park to be used for a new tennis centre. Their existing courts were in Miramar at that time.

Later in 1945, the Reserves Committee recommended that favourable consideration be given to the sports ground at Central Park for organised tennis, provided that the club raise 'suitable financial support'. This was achieved and the Council entered into a lease with the club in 1948, contributing £5,000 to the initial construction of several courts. The centre is now known as the Renouf Tennis Centre.

In 1987 the first of the indoor tennis courts was constructed at a cost of \$1.8M. Further courts were covered in 2006 at a cost of \$1.4M; the Council contributed \$200,000 towards this project.

The club is holding over under a 21-year lease, which expired in November 2008. Implementation of the Town Belt Management Plan (TBMP) in 1995 now means that the maximum term of this fresh lease is 10 years, with no right of renewal.

The club has made a submission to officers requesting a term greater than 10 years. The club plans to make considerable investment through the covering of further courts. They feel that a 10-year term does not provide sufficient security given that the investment will be at least several million dollars, and they have suggested a perpetually renewable lease which would require subdivision under the Resource Management Act 1991.

Officers have considered the submission, have discussed this with the club's representative, and recognise that the club has made significant investment in the Renouf Centre; however they recommend that the lease be granted for 10 years because:

- the TBMP specifically states that leases may be for a maximum of 10 years, with no right of renewal. A 10-year term would be aligned with the management plan;
- as existing leases on Town Belt land expire, groups have consistently been granted a term of ten years (or less); and
- under the Leases Policy tenants are entitled to apply for a fresh lease and this may be granted if the club meets the Council's assessment criteria. The club has occupied the land for more than 60 years and is specifically recognised in the TBMP as an appropriate recreational user of the land.

The Renouf Tennis Centre operates from 8am – 10pm Monday to Thursday, from 8am – 6pm on Friday, and from 8am – 9pm on the weekend (on demand). The club has a membership base of 3,290 and is affiliated to several smaller other tennis clubs; these groups frequently utilise the tennis courts at the Renouf tennis centre as part of a working relationship.

Under the Leases Policy, the standard annual ground lease rental is calculated at \$7,234 +GST. In this case, the rental has been set at \$15,000 in recognition of the semi-commercial nature of the Renouf Tennis Centre. The courts are hired to members on an hourly basis, as well as the public; the Renouf Tennis Centre has a café and pro shop onsite, and hosts tennis matches at a charge.

History	<p>1945. The club approached Council to build a new tennis centre at Central Park.</p> <p>1948. 30-year lease granted and construction of tennis courts completed.</p> <p>1977. 21-year lease granted on the condition that the tennis courts be upgraded.</p> <p>1983. 5-year lease granted on the condition that the tennis courts be upgraded as this had not yet been done.</p> <p>1987. First indoor courts constructed, second indoor court constructed 2007.</p> <p>1988 21-year lease granted, and expired 30 November 2008.</p>	
Term	10 years.	
Rental	\$15,000 + GST per annum, in recognition of the semi-commercial nature of onsite activities.	
Strategic Fit	Contributes to More Liveable, Better Connected, More Actively Engaged, and Healthier Outcomes.	
Club Sustainability	Members	3,290
	Financially viable	Yes

## 6. Conclusion

Officers recommend that the Committee exercise its delegated authority to approve the granting of a ground lease to Wellington Tennis Incorporated; subject to the conditions identified in section 3, (Recommendations).

Contact Officers: *Heather Cotton, Paul Andrews, Ken Bailey.*

## **Supporting Information**

### **1) Strategic Fit / Strategic Outcome**

*This report recommends a fresh lease with Wellington Tennis Incorporated, which is consistent with the Council's LTCCP strategic vision in regard to Strategy 6: Social and Recreation. Directly related to:*

- More livable
- More actively engaged
- Better connected
- Healthier.

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

*This report recommends a fresh lease with Wellington Tennis Incorporated which is consistent with the Council's LTCCP in regard to Strategy 6: Social and Recreation.*

*All costs associated with preparing the fresh lease are met by the lessee.*

### **3) Treaty of Waitangi considerations**

*Iwi will be consulted.*

### **4) Decision-Making**

*As the land in question is Town Belt, decisions regarding Leases over the land are delegated to the Council as Local Authority as per the Town Belt Management Plan.*

### **5) Consultation**

#### **a) General Consultation**

*The Council will call for submissions as required by the Reserves Act 1977 and as set out in the Town Belt Management Plan.*

#### **b) Consultation with Maori**

*Iwi will be consulted as required by the Reserves Act 1977.*

### **6) Legal Implications**

*Council's lawyers have been consulted during the development of this report.*

### **7) Consistency with existing policy**

- *The provision of a fresh lease to Wellington Tennis Incorporated supports Council's overall vision of Creative Wellington – Innovation Capital. The Leases Policy supports Council activities as a facilitator of recreation partnerships and provider of recreation and social opportunities.*