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**REPORT 2**  
*(1215/53/IM)*

## **GRANTING OF A NEW PREMISES LEASE TO THE UNITED SRI LANKA ASSOCIATION “USLA(NZ)” INCORPORATED**

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### **1. Purpose of Report**

To seek the Committee’s approval to grant a new premises lease on Open Space A land and unformed legal road to United Sri Lanka Association “USLA(NZ)” Incorporated at Willowbank Park, corner of Main Road and Boscobel Lane, Tawa.

### **2. Executive Summary**

This report provides a description of United Sri Lanka Association “USLA(NZ)” Incorporated, and officers’ recommendations to grant a new premises lease to them.

The building is located on Open Space A and unformed legal road. Under the Leases for Community and Recreation Groups Policy 2001, when the Council grants a new lease to a group, it treats the building as though it was on reserve land. However, the lease will be granted pursuant to the Local Government Act 2002 and the Public Works Act 1981.

It is intended that the land be classified Recreation Reserve in accordance with the Northern Reserves Management Plan.

### **3. Recommendations**

*Officers recommended that the Committee:*

- 1. Receive the information.*
- 2. Approve subject to the conditions below, the granting of a fresh premises lease to United Sri Lanka Association “USLA(NZ)” Incorporated pursuant to the Local Government Act 2002 and the Public Works Act 1981:*

<b><i>Location</i></b>	<b><i>Term</i></b>	<b><i>Annual Rental</i></b>	<b><i>Annual Maintenance Fee</i></b>
<i>Willowbank Park, corner of Boscobel Land and Main Road, Tawa</i>	<i>10 years, with one renewal of 10 years</i>	<i>\$246 + GST</i>	<i>\$900 + GST</i>

*And that any approval to grant a lease is conditional upon:*

- (i) Appropriate consultation with iwi.*
- (ii) The lease being publicly notified in accordance with section 138 of the Local Government Act 2002 and any approved Management Plan.*
- (iii) There being no objections or sustained objections resulting from the abovementioned consultation or notification.*
- (iv) The lessee pays for the legal and advertising costs associated with preparing the leases.*

## **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;
- Leases Policy for Community and Recreation Groups;
- Reserve Management Plan(s) (if appropriate).

### **Social and Recreational 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 is committed to providing greater leadership to promote a high level of social cohesion and participation.

The Social and Recreational Strategy encourages collaborative partnerships with our recreation and community 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.

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

The Leases Policy for Community and Recreation Groups 2001 (Leases Policy) 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;
- formally standardise the requirements of the lease.

The Leases Policy outlines the process for a lease and lease renewal. The process is outlined in Section 4.3 and 4.4.

### ***Northern Reserves Management Plan***

The Northern Reserves Management Plan 2008 (NRMP) has recently been approved by the Council after public consultation and will soon come into effect. The NRMP permits leases to groups that are primarily concerned with public recreation or other community purposes. The activity must be open for public participation and groups are encouraged to allow casual play on/in their facilities, or at least, that their membership be open to all members of the public.

#### ***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), and if their activities are consistent with the Council's strategic direction and objectives.
3. Communicate officers' decision to the applicant. If a new lease is recommended then the officer negotiates lease tenure, rental and terms and conditions.
4. Seek approval for the granting of the lease from the Regulatory Processes Committee subject to the appropriate conditions being met.
5. Public notification as set out in the Act.
6. If all approvals are granted and no objections are sustained, lease documents will be prepared.

#### **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 may offer 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. 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, 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 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.*

<b>Shorter Tenure</b>	<b>Longer Tenure</b>
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

#### 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 and the Council. Reporting generally includes the requirement for:

- Membership numbers and usage rates;
- Community events run on the land or in the building(s);
- Financial information.

## 5. Discussion

### United Sri Lanka Association "USLA(NZ)" Incorporated

The United Sri Lanka Association "USLA(NZ)" Incorporated (USLA) was established in 1983 to promote goodwill, unity, and the common interests of the Sri Lankan community. USLA also promotes social, cultural, and sporting activities; and assists with settlement of new migrants from Sri Lanka.

USLA was using the hall at Rewa Rewa School for 10 years prior to approaching the Council for use of the building at Willowbank Reserve. The group has outgrown the school hall, and their activities have expanded beyond weekends.

Expressions of interest in the building were called for in December 2007, and 2 groups were considered: Wellington Slot Cars, and USLA. USLA was chosen as the preferred candidate due to their active recreational activities and their ability and willingness to share with other groups. Officers initiated negotiations with USLA in July 2008 to enter into a fresh lease. Their membership base and financial position is very stable.

The hall is used extensively during the week and weekends for USLA's traditional dance and drumming groups, youth group, senior citizens group, and religious activities. USLA intend to use the building for wider Sri Lankan community events including their annual cultural show and dinner, celebration of the Hindu New Year, and Christmas. USLA also intend to start a cricket club for youth and adults.

History	The Redwood Scout Group used the building from 1980 merged with another scout group in 2006 and ownership of the building then transferred to the Council as landowner.	
	In December 2007, expressions of interest were called for, and USLA chosen as the preferred candidate in July 2008.	
Use of the building	During the week, classes for traditional dancing and drumming are held; during school holidays children's programmes including art classes and sports are run; senior citizen social activities are held several afternoons a week.	
	During the weekends language classes are held; Sunday school activities, dance, and sporting activities are also held.	
Term	10 years and one renewal of 10 years, in accordance with the standard term under the Leases Policy.	
Rental	\$246 + GST per annum.	
Maintenance fee	\$900 + GST per annum.	
Strategic Fit	Contributes to More Liveable, More Actively Engaged, Better Connected, and Healthier Outcomes.	
Group Sustainability	Member numbers	1,400
	Financially viable	Yes

The land that the hall is on is Open Space A and unformed legal road; therefore the lease to USLA is granted under the Local Government Act 2002 (LGA) and pursuant to the Public Works Act 1981.

Section 138 of the LGA stipulates that any lease for a term of 6 months or more over a Local Authority's land constitutes 'disposal' and therefore requires consultation with the public. This will be undertaken after approval from Council is granted.

The Council must also consider whether the proposed lease will exclude or substantially interfere with the public's access to the land. It is considered that this lease will not interfere with the public's access to the park because:

- the building is only 127m<sup>2</sup> and the park is some 1.4 hectares in size;
- access to the park is via any point, it is an open space;
- the building has been on the land for 33 years, and no objections to accessing the reserve have been received.

The Council may grant a lease over road if it can be shown that the lease will not impede or diminish the road. Officers believe the lease does not impede or diminish the road given:

- The road is 37 metres wide, constituting more than a full-width road for the level of residential density in the area;
- The building has been in place for 33 years without issue to the road;
- The Roding Unit of the Council has no plans for widening the road in the future.

The Roding Unit has been consulted and the lease over unformed legal road has been approved by roading officers.

## **6. Conclusion**

Officers recommend that the Committee exercises its delegated authority to approve the granting of a lease to United Sri Lanka Association "USLA(NZ)" Incorporated, as they have demonstrated a good fit with the Council's strategic direction and existing policies, a community need for their services and activities, and viability in terms of membership numbers, and are financially sound.

The granting of this new premises lease will be subject to the conditions identified in section 3 (Recommendations).

Contact Officers: *Heather Cotton – Property Advisor, Paul Andrews – Manager Parks and Gardens*

## **Supporting Information**

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

*This report recommends a lease with the United Sri Lanka Association “USLA (NZ)” Incorporated which is consistent with the Council’s LTCCP strategic vision in regard to Strategy 6: Social and Recreation. Directly related to:*

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

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

*This report recommends a lease with the United Sri Lanka Association “USLA (NZ)” Incorporated which is consistent with the Council’s LTCCP in regard to Strategy 6: Social and Recreation.*

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

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

*Iwi will be consulted.*

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

*Decisions regarding leases over the land are delegated to the Council as Local Authority.*

### **5) Consultation**

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

*The Council will call for submissions as required by the Local Government Act 2002.*

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

*Iwi will be consulted as required by the Local Government Act 2002.*

### **6) Legal Implications**

*Council’s lawyers have been consulted during the development of this lease.*

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

- *The provision of a lease to the United Sri Lanka Association “USLA (NZ)” 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.*