

REPORT 4
(1215/53/IM)

**GRANTING OF A GROUND LEASE TO SCOUT ASSOCIATION
OF NEW ZEALAND (1ST KARORI SCOUT GROUP) ON COUNCIL-
OWNED LAND**

1. Purpose of report

This report recommends that the Committee approves the granting of a new ground lease to the Scout Association of New Zealand - 1st Karori Scout Group over part of the land at 156-158 Campbell Street, Karori and known as Karori Reserve (hatched red on Appendix 1).

2. Executive summary

The Scout Association of New Zealand – 1st Karori Scout Group (the “Group”) has held a ground lease with Council since 1976 over part of Council-owned at 156-158 Campbell Street, Karori. The lease expired on 11 September 2012 and the Group is currently occupying the land on a month-by-month basis.

The leased land accommodates the Group’s scout hall which is used for scouting activities.

This report recommends the Committee grants a ground lease to the Group for a ten year term, with a ten year right of renewal.

The land is held as fee simple land but is treated by officers as recreation reserve and is therefore managed in accordance with the Reserves Act 1977. A ground lease would be granted, subject to public consultation, under section 54(1)(a) of the Reserves Act 1977.

3. Recommendations

Officers recommend that the Regulatory Processes Committee:

1. *Receive the information.*
2. *Agree subject to the terms and conditions noted below, to grant a ground lease to the Scout Association of New Zealand - 1st Karori Scout Group in accordance with the Reserves Act 1977.*
3. *Note that the terms of the lease are as follows:
Location: Part of the land at 156-158 Campbell Street, Karori (hatched red on Appendix 1).
Term: Ten years plus ten year right of renewal.
Annual Rental: \$642.40 per annum plus GST. Triennial rent reviews will be undertaken in accordance with the percentage change in the Consumer Price Index and a market based review will be undertaken every nine years by an independent registered valuer.*

4. *Note that any approval to grant the lease is conditional on:*
- (i) appropriate consultation with Iwi being completed;*
 - (ii) the lease being publicly notified in accordance with section 119 and 120 of the Reserves Act 1977;*
 - (iii) there being no sustained objections resulting from the abovementioned consultation or notification; and*
 - (iv) the legal and advertising costs associated with preparing the lease are met by the Lessee.*
5. *Agree that Council officers will finalise and negotiate the lease details.*

4. Background

The subject land has been leased to the Group since 1976, initially on a term of 21 years and then, when a new lease was granted in 2007, for a further five years. The lease expired on 11 September 2012 and the Group continues to occupy the land pending a new lease being granted.

The land is held by the Council as a “pleasure ground”. Although it is not formally classified as recreation reserve under the Reserves Act 1977, it is managed and treated by the Council as such. The proposed leased area is 452m². It is legally described as Part Section 2, Kaiwharawhara District and is contained in Computer Freehold Register WN22D/469.

The Group has 80 youth members and 11 adult members. The youth members are made up of 10 Keas (6-7 year olds), 20 Cubs (8-10 year olds), 20 Scouts (11-14 year olds) and 30 Venturers (15-18 year olds). Youth membership numbers are restricted by the number of adult members. There is currently a waiting list for new youth members.

The building is used for approximately 12-20 hours per week which is consistent with other scout groups that lease land from the Council.

The new lease would be for a further term of ten years, provided the Group continues to meet the assessment criteria as set out in the Leases Policy for Community and Recreation Groups, including maintaining membership levels which will be assessed annually by officers.

Parks, Sport and Recreation is in support of this proposal.

5. Considerations when assessing a new lease

5.1 Leases Policy for Community and Recreation Groups

An application for a lease is made under the Council’s Leases Policy and is subject to assessment under its criteria.

Appendix one of the Leases Policy requires officers to assess new lease applications against the following criteria:

- strategic fit;
- activity sustainability;
- financial sustainability

- optimal use of resources;
- environmental impact;
- a demonstrated need from the community; and
- the need for a lease.

An assessment of the Group and how it fits within these criteria is outlined in section 6.

The granting of a lease to the Group is consistent with the provisions of the Council's Leases Policy.

5.2 Legislation

The land is held as fee simple land but is treated by officers as recreation reserve and is therefore managed by officers in accordance with the Reserves Act 1977 (Reserves Act). The land will be formally classified as recreation reserve in the future.

Sections 119 and 120 of the Reserves Act set out the requirement for public notification. The granting of a lease to the Group is subject to there being no sustained objections from any party.

6. Discussion

6.1 Assessment

The proposed lease for the Group has been assessed against the criteria set out in the Leases Policy. Please see a summary of this assessment below:

Criteria		Assessment
Strategic fit	Social and recreation strategy	The Group's activities are consistent with other permitted activities on recreation reserve land and satisfy the criteria of recreational use.
Activity sustainability	Membership	The Group has held a lease over the land since the 1970's. It currently has 91 members who are made up of 80 youth and 11 adult members.
Financial sustainability	Financial position	The Group's financial position is satisfactory with assets of approximately \$40,000. Annual income in recent financial statements has exceeded expenses. The Group generates funds through membership fees, and occasional donations.
Use of resources	Land utilisation	It is expected that land utilisation levels will be consistent with existing levels, being 12 – 20 hours per week.
Environmental impact	Location	The activity does not have the potential to adversely affect open space values.
Demonstrated need and support from the community	People	Local scout organisations are known to contribute to more liveable and healthier outcomes, as well as having a focus on youth.
Need for a lease	Capability	A lease is appropriate as the Group owns the scout hall on the land and will have sole responsibility for its upkeep.

6.2 Lease Rental

The lease rental has been assessed in accordance with the rental framework outlined in the Leases Policy. The annual rent has been assessed at \$642.40 per annum plus GST.

6.3 Lease Tenure

The Leases Policy allows for leases on recreation reserve for a term of 10 years with a 10 year right of renewal. Officers propose granting this term as the group's membership levels have remain stable during the previous lease.

It is recommended that a lease for a term of ten years with one right of renewal for a further ten years be granted.

7. Conclusion

The Scout Association of New Zealand – 1st Karori Scout Group has demonstrated that it is a good fit with Council's strategic direction and existing policies. The proposed lease will enable the continued use of the scout hall on the land. The financial position of the Group shows it is in a sustainable position, although membership is declining. The recommended term of ten years reflects the continuing stability of its membership numbers, which will be monitored during the course of the lease.

Council officers recommend that the Regulatory Processes Committee approves the granting of a ground lease to the Scout Association of New Zealand - 1st Karori Scout Group.

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SUPPORTING INFORMATION

1) Strategic fit / Strategic outcome

The Leases Policy for Community and Recreation Groups supports Council's role as a facilitator of recreation partnerships and provider of recreation services. The recreational activities that will be provided by the Scout Association of New Zealand - 1st Karori Scout Group will contribute to the outcome of 'offering a diverse range of quality recreation and leisure activities' (see outcome 7.1 Recreation Opportunities).

2) LTP/Annual Plan reference and long term financial impact

The project will have no substantial long term financial impact.

3) Treaty of Waitangi considerations

No Treaty implications have been identified.

4) Decision-making

This is not considered a significant decision.

5) Consultation

a) General consultation

Public consultation will be undertaken as required by the Reserves Act 1977.

b) Consultation with Maori

Iwi will be consulted.

6) Legal implications

The lease will be subject to the provisions of the Reserves Act 1977. Legal advice will be sought in the preparation of the lease.

7) Consistency with existing policy

The provisions of the lease are consistent with the Leases Policy for Community and Recreation Groups.

APPENDIX 1

