

**SUPPLEMENTARY REPORT BY THE  
CHAIRMAN OF THE SPREYDON/HEATHCOTE COMMUNITY BOARD**

**1. WALTHAM COMMUNITY COTTAGE  
DEVELOPMENT PROJECT**

RR 8907

<b>Officer responsible</b> Community Advocate	<b>Author</b> Property Manager, Rob Dally Community Advocate, Nick Chapman
Corporate Plan Output: Public Accountability 3.1 text 23	

The purpose of this report is to provide further information with regard to the possible purchase of a suitable property for use as the Waltham Community Cottage.

**BACKGROUND**

The Spreydon/Heathcote Community Board has been involved in supporting the Waltham Community Cottage project since its inception in 1993. Initially this support was made directly from the Board's project funds but following a Board recommendation to the Council, it is now made directly from the Service Centre budget. The amount of the annual grant allowed for the 1998/99 year is \$10,660.

Waltham Cottage was set up as part of an ongoing community development project in Waltham. This was begun by the Family Plus division of Anglican Care in 1990 following a survey which highlighted the needs in the area. Anglican Social Services continues to be a major supporter in providing the salary for several workers and an overview. Each year a review of the project's activities is made to the Board prior to releasing the funds. Earlier this year a full evaluation of the Project was completed and this is tabled for Councillors' information.

The Cottage presently operates from a residential property (81 Waltham Rd) owned by a private landlord who indicated in May that he wanted to sell it. The Cottage responded by identifying a more suitable local residential property, located at 201 Hastings Street East. Initially the Spreydon/Heathcote Community Board proposed to support the move recommending to the Council a \$30,000 grant be made to assist with the purchase of the house (with conditions attached). However, securing a mortgage with commercial lenders proved unsuccessful due to a requirement of a minimum three year guarantee of income equivalent to mortgage repayments. It has been a time consuming process for the Cottage and there is concern about the Hastings Street property being sold before any financial resolutions are able to be made.

**1 Cont'd**

Subsequently at the 17 November Spreydon/Heathcote Community Board meeting, it was resolved:

1. *That the Council consider undertaking the guarantee of an annual grant at least equivalent to the mortgage repayments on a fixed rate \$91,000 twenty year mortgage, for a three year period commencing at the time of uplifting the mortgage funds but no later than six months from the date of this resolution.*
2. *That if the Council does not provide the guarantee, then it consider purchasing the property and revoking the \$30,000 grant approved by the Council in August 1998.*

**PROPERTY RELATED ISSUES**

The Property Manager comments:

*“The Property Unit has viewed the property in Hastings Street currently being considered for future use as the Waltham Community Cottage.*

*A resource consent application has been made for using a L3 zoned residential property for community use and any sale and purchase agreement must be subject to a resource consent being granted. That sale and purchase process should be managed by the Property Unit.*

*There will also be a need to ensure that there are no adverse and unforeseen costs with regard to the Building Act or other statutory requirements possibly affecting the changed (community) use of any property.*

*The capital sum for purchase is \$121,000.*

*Under a Council purchase scenario, the Waltham Community Cottage would become a Council property asset administered by the Property Asset Team within the Property Unit. A market rental would be established by independent valuation and levied against the service centre budget. It should be noted that the service centre already has budget funding for (external) rental of \$10,660 pa.*

**FINANCIAL IMPLICATIONS**

*This possible purchase has not been through an annual plan process and accordingly there are no capital funds specifically available to purchase this property in the 1998/99 financial year.*

**1 Cont'd**

*Options are as follows:*

1. *Deferred payment subject to approval in the 1999/2000 annual plan.*
2. *Part funding by the transfer of other capital funds from the Commercial Property Budget, Community Facilities unspecified; \$60,000. There may be some other capital transfer opportunities available from this budget but this will not be clear until the six month review is completed.*
3. *Transfer of funds from the Council's Contingency Fund.*
4. *Reallocation of funds as a result of the six month review due February/March 1998 (this assumes availability of funds)."*

The Director of Finance comments as follows:

*"In general terms I do not support any commitment for the purchase of a property which has not first been through the annual plan process as this can lead to distortion of Council priorities for the use of funds. Projects which are already planned or were deferred from the existing budget can be superseded. The only exception to this would be if other capital funds in the property budget are no longer needed (not merely deferred).*

*I do not consider that the contingency fund should be used for this purpose – it is not an issue of urgency. Nor should a commitment of 1999/2000 budget be made ahead of the normal budget process unless this item was already programmed for that year.*

*In my opinion it would be unwise to anticipate funds being surplus in the six monthly review. Current indications are that there will be little surplus in the review due to reduced income – particularly interest.*

*My recommendation would be that a rental property be sought as provided in the annual plan."*

**Recommendation:** That the information be received.

**CONSIDERED THIS 10TH DAY OF DECEMBER 1998**

**MAYOR**