

1. COMMUNITY HOUSE – RELOCATION POSSIBILITIES

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The purpose of this report is to update the Council with regard to the alternative lease options that exist for Christchurch Community House and to seek a resolution on the best options to accommodate the Community House groups in the future.

BACKGROUND

The Community House is currently located in premises leased by the Council on the corner of Cashel and Liverpool Streets (187 Cashel Street). This lease expires 31 August 2001.

An investigation for suitable alternative premises culminated in a report to the June round of Council meetings. In essence we considered there were two suitable alternatives:

1. Refurbishment and remaining in the current premises.
2. Relocation to a property on the corner of Lichfield Street and Oxford Terrace.

At the same time in response to a request for additional funding The Community Trust advised that they would not increase their funding and considered that there may be other small community groups who currently pay commercial rents that are prepared to contribute to "The House" if a deal can be negotiated. It appeared that the trust were desirous of having some form of demand and supply analysis undertaken.

Due to a culmination of factors, predominantly funding, the Council resolved:

1. *That a subcommittee consisting of the Chairman of the Projects and Property Committee, Councillors Carole Anderton, Erin Baker and Gail Sheriff be appointed to further consider possible options and report to the July 2001 meeting of the Council.*
2. *That in the interim staff negotiate a sale and purchase agreement for the property at the corner of Lichfield Street and Oxford Terrace to be subject to ratification by the Council in July.*

Unfortunately immediately following the Council meeting the property on the corner of Lichfield Street and Oxford Terrace became unavailable for occupation by The Community House

CURRENT STATUS

Consequently the subcommittee has focused on the task of finding alternative accommodation. They have met almost weekly and extensively canvassed the market for property options, including physical inspection of a number of properties.

At its last meeting on Monday 13 August the Subcommittee resolved that a report to the Projects and Property Committee be prepared to outline the temporary options that exist and provide information with regard to possible permanent options namely:

1. The Crystal Plaza in the square.
2. The former Olympus Gym building at 96 Lichfield Street.

TEMPORARY OPTIONS

The current situation is that Community House are preparing for the vacation of their existing premises at the lease expiry date of 31 August 2001.

Consideration has been given therefore to entering into a six month lease with a right of renewal for six months on temporary premises pending resolution on a suitable permanent home for Christchurch Community House. The temporary options available are as follows:

Tower Building – The Square

The Tower Building adjoins the Crystal Plaza building in the square and is currently vacant throughout.

The floor plates are approximately 900 m² in area with the building being fitted out to a reasonable standard throughout. The required space can be obtained by occupying two floors.

For the Committee's information the Tower Building is currently under contract to Mr Phillip Carter of the Carter Group.

It is considered that this option should not be considered for temporary premises unless the adjoining Crystal Plaza building is the most favoured permanent option. This is not the case at this stage.

Hereford Street – Metropolitan House

There are four vacant floors in this building giving a total area of approximately 1300 m².

The floors are partly fitted out with approximately 13 partitioned offices, over the four floors. The balance of this space is open plan and in its current state does not suit the needs of Christchurch Community House. Some compromise would be required on their part to occupy the open plan areas with Council possibly providing screens for more privacy.

The financial details with regard to this option are contained in the Public Excluded report presented to this meeting.

Kilmore Street

There are two vacant floors plus a portion of the ground floor available in this building. The building is located at 115 Kilmore Street adjoining the Convention Centre.

This space has been vacated by a firm of solicitors and is heavily partitioned throughout to a good standard. This space could be occupied virtually as is, and has car parking available at the rear of the building.

The financial details with regard to this option are contained in the public excluded report presented to this meeting.

The annual rental exceeds the Council's current budget and as it is available on an annual tenancy only and is not favoured for these reasons

As at the date of writing this report discussions have progressed favourably with the owner of 187 Cashel Street (the existing premises) and it is possible that we may be able to negotiate a six month lease with a possible six month right of renewal. Further information with regard to this will be tabled at the meeting.

PERMANENT OPTIONS

Crystal Plaza Building in the Square

This is a relatively new building, built in 1984 and has in recent times been tenanted by Audit New Zealand.

The building contains a total area in excess of 3000 m² which includes a 1000 m² basement. For the Council's information this option is being considered on a purchase only basis and does not include the basement space. The intention is that the ground and first floors would be unit titled and sold to the Council.

The ground floor contains retail tenancies with existing vacant space totalling 224 m² with an additional 147 m² becoming available in December this year as the existing tenant is vacating.

Two other retail tenancies exist with lease periods ranging through to 2006 for Casablanca and 2016 for the recently opened Starmart shop.

In addition to the ground floor space there is a further 1000 m² available on the first floor.

As at the date of writing this report the Council's architectural division have only been able to undertake some preliminary space planning with regard to Community House's requirements that they believe there may be insufficient space to consider this option. Further investigation work is necessary.

The preliminary costs for this option with advantages/disadvantages are contained in the public excluded report presented to this meeting:

Former Olympus Gym Building – 96 Lichfield Street

Another permanent option being considered is the former Olympus Gym Building on Lichfield Street which is located between Colombo and Manchester Street, close to the Civic Offices and Bus Exchange.

This building was built in approximately 1950 and is currently under redevelopment by its existing owner for the provision of up-market student accommodation.

The building is owned by Lichfield Ventures Limited who also own to an existing vacant site adjoining the building. The Managing Director of this company is Mr Dave Henderson whose current proposal is to build a new building adjoining the existing which will also be used for student accommodation. Mr Henderson's proposal to the Council is that we consider a lease of the rear portion of the ground floor of the existing building plus the ground and mezzanine floors of the new building to be constructed.

Mr Henderson has verbally advised further that ownership may be possible in the form of unit titles. Preliminary plans and rentals only have been available to date and further work is necessary to fully consider this option.

BUDGET ISSUES

Currently there is an operating sum of \$205,000 in this year's budget for property expenses, eg annual rental and maintenance, including Council expenses etc.

The Community Trust currently contributes to the current rent for the existing premises. Their contribution is currently \$35,000, although they have advised that there is strong support within the Trust to increase their level of funding should a permanent location be found for Community House that is more expensive than their current premises.

CURRENT OPERATING BUDGET

Community Relations Unit	\$205,000
Current Community Trust Contribution	<u>\$ 35,000</u>
	\$240,000

Capital equivalent **\$2,400,000**

SUMMARY

For the following reasons we are not in a position to make a recommendation as to the best permanent option for relocating Community House:

- We cannot be certain without further space planning advice that Community House can be accommodated in the Crystal Plaza building.
- The preliminary costs obtained to date on both options need further investigation.
- It is not possible to comprehensively compare the two options at the present time

The above investigation work will be completed so a report can be presented to the September round of meetings.

It is necessary therefore to consider temporary accommodation in either:

1. The existing premises at 187 Cashel Street or
2. Metropolitan House – Hereford Street

Recommendation: 1. That the Property Manager be given delegated authority to enter into a leasing agreement at either:

- Cashel Street
- Hereford Street

for no more than six months with a six month right of renewal at a rental as detailed in the public excluded report and that the Council be responsible for any removal expenses incurred at a maximum level that does not exceed Council's current budget.

2. That a report seeking resolution on a permanent option be presented to the Council in September.