

## 1. 170 FITZGERALD AVENUE OPTIONS REPORT

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The purpose of this report is to outline to the Council the options available for the future use of the Council's property at 170 Fitzgerald Avenue and to seek proposals from community/social agencies for community development use, to enable comparison with disposal options.

### CONTEXT OF THE REPORT

In accordance with the Council's flowchart in regard to making a decision about the future use of Council facilities, the property has been internally notified as being available. This report summarises the expressions of interest received from four community groups, and outlines the options available for 170 Fitzgerald Avenue's future use.

In terms of the current Annual Plan, sale of this property has not been anticipated.

### BACKGROUND

The property known as 170 Fitzgerald Avenue comprises Part Lot 8 Deposited Plan 5018 contained in Certificate of Title 426/536 having 549m<sup>2</sup> and Lot 7 and Part Lot 8 Deposited Plan 5018 contained in Certificate of Title 433/025 having 615m<sup>2</sup> (the dwelling site). It was originally purchased by the Council for the purposes of a pumping station (refer attached plan) with the pumping station straddling the boundary of the two titles.

Located on Lot 7 & Part Lot 8 of the property is a two level dwelling constructed in about the 1930s of 210m<sup>2</sup> offering four bedroom family accommodation. This dwelling internally provides only an adequate level of accommodation. Some recent renovation work has been undertaken as damage was sustained to the property through vandalism after the previous tenants moved out. Upgrading work has been undertaken to create a habitable residential living environment.

Straddling the boundary of the two lots is a pumping station due to be decommissioned in 2005/06. Two wells also soon to be decommissioned are located on the property.

The Water Services Unit has purchased a property in Worcester Street where it is intended that a new pumping station and wells will be developed. At this stage the Fitzgerald Avenue property will be vacated by the Council and will no longer be required for operational purposes.

### EXECUTIVE SUMMARY

The property at 170 Fitzgerald Avenue was acquired by the Council's Water Services Unit for the purposes of wells and a pumping station. These wells and pumping station are due to be decommissioned in 2005/06 and this report is to look at the future uses of this property.

Council staff have been made aware that this property is going to become available with a view to establishing whether any potential community or Council uses exist and can be supported. This report outlines these uses and through this process recommends that the property be retained as a rental in the open market until decommissioning and then sold through the open tender process.

### RELEVANT CURRENT POLICY

This options report completed the second step in the Council's procedure as formulated in policy to determine future uses for Council property that is no longer required for operational purposes.

### DESCRIPTION OF OPTIONS

#### **Option 1 - Retain the property for use by a community group in partnership with the Council**

Through the process of internally notifying Council units that the property is available staff have received expressions of interest from Community Advocates and other Council officers for groups within the community to utilise the property.

These community groups were assessed against a predetermined matrix which judged each group against outcomes such as their relationship with Council policy, ability to financially resource the property, and operational approach/ability. The evaluation team comprised Jude Pani (Community Advocate) and Victoria Murdoch (Property Services Officer).

It should be noted that through this internal process no units of the Council required this property for any operational purpose. All the uses identified were for community initiatives promoted through staff.

The community groups are as follows:

**1. The Indian Community of Christchurch**

The group would utilise the property as a place of prayer, social activities and community support.

There are approximately 4,000 Indians within the wider Christchurch community, who have, to date, utilised community halls and facilities for their meetings. This group would like to secure a dedicated facility for their use.

The group's submission provided insufficient detail in some areas, particularly regarding the financial viability of the group. It was indicated that they would prefer to rent the property. However, no details of a lease were presented. Council officers have requested further information but this has not yet been received.

**2. Latimer Community Housing Trust**

This group was set up in April 2000 as a charitable trust with a vision of purchasing properties that are structurally sound but in need of repair or renovation. It is the intention to develop bed-sit accommodation.

The intention is to utilise labour from community wage earners and unemployed giving these people an opportunity to develop skills in conjunction with renovation of the dwelling. It is also intended to establish a community garden in association with this facility.

Latimer Community Trust would like to purchase the property at a market value assessed by registered valuation. They have the necessary funding and have also applied to the Hagley/Ferrymead Community Board to seek additional funding to begin improvement.

The trust has been searching for a property over the last two years. They have entered into conditional contracts for five properties but these deals have not been concluded owing to their financial inability to complete the contract.

**3. Schizophrenia Fellowship of New Zealand Ltd**

This group has been in existence in the Canterbury region for 25 years. The group plans to utilise the property as premises for providing meetings to supporting families who have a family member with mental illness. Within Canterbury 8,000 people experience mental illness.

Schizophrenia Fellowship NZ Limited has an existing contract with the Canterbury District Health Board. The funding provides sufficient income for a market rent to be paid for the property. The group has provided detailed accounts outlining their financial position and it is realistic for them to be able to fund the property.

**4. Home and Family**

This group would like to utilise the property as a family and parent centre. Services offered include parenting classes, counselling, training and supervision, education groups and courses and research.

This property is situated in a prime locality for their purposes, it is easily accessible and is situated in an area where no other similar services are provided. This would also be held in conjunction with the property the Council previously helped them secure in Barrington Street.

Home and Family have the financial ability to pay a market rent for the property but long term would like to purchase the property.

## SUMMARY

The outcome of the predetermined matrix evaluation is as follows for each applicant:

1.	The Indian Community of Christchurch	28%
2.	Latimer Housing Trust	76%
3.	Schizophrenia Fellowship of NZ Ltd	90%
4.	Home and Family	72%

## Financial Evaluation

1.	The Indian Community of Christchurch	No detail provided
2.	Latimer Housing Trust	Purchase property at market value
3.	Schizophrenia Fellowship of NZ Ltd	Pay a market rent for the property assessed @ \$11,500 p.a.
4.	Home and Family	Pay a market rent with long term view to purchase assessed @ \$11,500 p.a.

There are distinct advantages and disadvantages of utilising the property for a community group outlined in the following sections.

## Utilising the Property as a Community Facility

Advantages	Disadvantages
<ul style="list-style-type: none"><li>• Could be a strategic way of delaying the complete sale of property until the property is completely decommissioned, but gives certainty to the property's future.</li><li>• Provides a good outcome in terms of the community and fit with the Council policy.</li></ul>	<ul style="list-style-type: none"><li>• The Council could have ongoing involvement in the property depending on the community group chosen.</li><li>• Because these groups have been represented in this process through the Community Relations Unit and are not 'Council uses' this potentially subverts the policy of 'public tendering' properties for sale or lease.</li><li>• Potentially only short term, therefore could be disruptive for the groups.</li><li>• Other community groups which may be interested may not know of the opportunity.</li></ul>

## Option 2 - Sell with Easements/Access Rights

This property is still being used by the Water Services Unit with two wells and a pumping station on site. It is planned that decommissioning of the wells will occur in 2005/06.

In the short term easements could be created that would give access to these facilities while still in operation. In doing so this may detract from the saleability of the property. The easements would also become redundant when the wells and pumping station are decommissioned within a maximum of three years.

Advantages	Disadvantages
<ul style="list-style-type: none"><li>• The property would be sold as soon as the easements are created meaning the Council would have access to the property but would have realised the value from the property.</li></ul>	<ul style="list-style-type: none"><li>• Easements would need to be created over the property which would affect the desirability of the property on the open market.</li><li>• Legally creates unnecessary complications which would not be required after the wells are decommissioned.</li></ul>

## Option 3 - Leave as Public Rental – Either Long or Short Term

Currently City Housing is managing the property as a public rental. The property is currently returning \$220 per week. The tenancy commenced on 9 February 2003.

Advantages	Disadvantages
<ul style="list-style-type: none"><li>• Access by Water Services Unit is available as required.</li></ul>	<ul style="list-style-type: none"><li>• It is a property inconsistent with the portfolio and in only fair condition.</li></ul>

## ISSUES FOR CONSIDERATION

The property is currently still visited infrequently by the Water Services Unit who have the pumping station and active wells on site. Therefore, it may not be prudent to relinquish the Council's rights to access by selling the property at this time. Easements granting the Council access to this property could be created. However, it is likely that these would be considered as a detrimental feature of the property by prospective purchasers.

Presently the two options to consider are whether the property should be utilised as a public rental or for a community group, such as:

1. The Indian Community of Christchurch
3. Schizophrenia Fellowship of NZ Ltd
4. Home and Family

These groups would all rent the property and in the case of Home and Family would look at purchasing the property further down the track which may fit in with the decommissioning of the site by the Water Services Unit.

Latimer Community Housing Trust would want to purchase the property outright so therefore should not be considered until decommissioning occurs.

## FINANCIAL ANALYSIS

### Rental Return

\$220.00 per week = \$11,440 per annum

### Rateable Value

\$180,000 = 6.4% gross return on investment.

A gross return does not reflect the need to maintain or manage the property. An older style dwelling such as this property has a higher requirement for maintenance.

## CONCLUSION

Although all options have been considered, it is evident at this time that as the property is being used, even though only in part, sale of the property is not a realistic option to be considered in the short term.

The Property Unit recommends that the property should be tenanted until decommissioning and then should be sold. To leave this property as a public rental is the most appropriate use of the property as it will only be for a two year term. Any community use would most likely require a specialist fitout of some description which would not be viable for this shorter term tenancy period. The Property Unit would therefore recommend retaining the status quo and retaining the residential tenant currently in the property who has indicated a desire to remain.

This matter was considered by the Hagley/Ferrymead Community Board at its 6 August meeting. The Board decided to recommend to the Property and Major Projects Committee:

1. *That the property at 170 Fitzgerald Avenue be tenanted via City Housing as a public rental until decommissioning of the site occurs by the Water Services Unit.*
2. *That prior to decommissioning of the site investigations be undertaken into:*
  1. *Selling the property in accordance with Council policy.*
  2. *Creating a partnership between the Council and the Latimer Housing Trust similar to the existing Hereford Street property partnership between the Council and the YWCA.*
  3. *Determining community groups' interest in the property via a request for proposal process.*

The Property and Major Projects Committee considered the Community Board's recommendations and incorporated them in the recommendations below.

**Recommendation:**

1. That the Council seek proposals from community/social agencies for social/community development type use of the property at 170 Fitzgerald Avenue, to enable comparison with disposal options.
2. That City Housing let the property on the open rental market pending the completion of the Request for Proposal process.
3. That the Council note the Property and Major Projects Committee's preference that the property be sold once water services are decommissioned, and that this matter be considered when officers are evaluating proposals from those community/social agencies who have expressed interest in using the property.