

#### 4. CRACROFT COMMUNITY CENTRE – OLD STONE HOUSE

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The purpose of this report is to seek the Board's recommendation to Council to grant a new lease to give effect to renewal of the lease to Cracroft Community Centre Incorporated of the Old Stone House situated in Shalamar Drive, Cashmere, Christchurch.

##### **BRIEF HISTORY**

The original Old Stone House was built by the Cracroft Wilson Family in 1870 as the main staff quarters of their farm. In July 1971 a fire destroyed the main roof, the top floor and half of the central floor of the house. The building lay in its post fire derelict state for several years until late 1978 when restoration work went ahead with funding from the former Heathcote County Council and the Christchurch City Council. In August 1978 the community centre took a 21 year lease from the former Heathcote County Council as security to borrow restoration capital over and above the local authority contributions.

The registration of the Cracroft Community Centre as an Incorporated Society was obtained some years earlier (1973) when it emerged that there was sufficient energy and interest in the community to form a Society to assist in the project of restoration and operation of the Old Stone House as a community centre. This use was consented to by the Heathcote County Council in a specified departure to its District Scheme on 22 February 1975.

##### **EXPIRED LEASE**

**Term:** 21 years from 21 August 1978 (expired 20 August 1999) with a right of renewal for a further term of 21 years.

**Rental:** 10c per annum for the term of the lease.

At renewal the lease provides that rental should have regard to the equity of the community centre and the Heathcote County Council/City Council being the parties at the time restoration of the building was completed. The equity ratio is about 80/20 in favour of the Council. Of the \$163,750 restoration cost, the city contributed \$133,750.

##### **MAINTENANCE**

On completion of restoration, the community centre was charged with the responsibility of insuring the building and maintenance of the interior. The Council as lessor maintains the exterior of the building, utility services and the grounds.

## **REPRESENTATION**

The Council has the right to have one councillor elected as a full member of the Committee.

## **PREMISES**

The lease area took in 955m<sup>2</sup>, the whole of the Council's title, which is held pursuant to provisions of Section 601 of the Local Government Act 1974. The lease was registered against the title. The Council has the ownership of the Old Stone House, which is a group 2 protected building in the Heritage and Amenities section of the City Plan.

## **COMMUNITY CENTRE**

The Cracroft Community Centre was formed on 4 December 1972 and registered as an Incorporated Society on 31 August 1973. The community activities currently taking place in the building include: discussion groups, arts and crafts, books, bridge, mahjong, scrabble, spinning and other like activities. Over the weekend the building is available for hire and is a very popular venue for social functions, particularly weddings.

## **ACCOUNTS**

In the year to 31 December 1999 the community centre had an operating surplus of \$1,617 from a total operating income of \$47,112 of which \$36,327 was income from hire and rents. Allowing for depreciation and non-cash items the net deficit was \$4,600. Retained earnings currently are at about \$40,000 and carpet replacement and internal painting will have first call on these funds. Over the last year the centre spent \$26,000 installing a new ventilation system.

## **OPERATION**

The Property Unit recovers a rental from the Beckenham Service Centre. This rental covers fire insurance, general exterior maintenance, fire services, a property management fee, depreciation, heating and ventilation maintenance.

## **COMMITTEE**

The present Committee consists of eight members and four associate members representing Rotary, Lions and Cracroft/Cashmere Residents Associations. At present no councillor is elected as a member of the Committee.

## **LEASE RENEWAL**

The community centre has given notice, in accordance with the lease provisions of their desire to take a renewed lease. The lease renewal clause specifies that provided that the terms and conditions of the lease have been observed and performed the Council shall, at the cost of the community centre, grant a renewed lease on the same terms and conditions at a rental to be agreed between the parties.

The rental provision “having regard to the equity of each party at the time of completion of restoration” is understood to mean the relative financial contribution of the parties to building restoration at the time of completion. Notwithstanding this provision which today would be a subjective exercise, a continued nominal rental is proposed which is consistent with the rental approach taken in respect of other community centres either Council owned or situated on Council land and operated by local community groups.

## **LEASE CONDITIONS**

Discussions have been held with the community centre over the last year on issues associated with ground maintenance, hire rules and application of retained earnings/operational surpluses if any. These discussions have culminated in an agreement on the terms and conditions (subject to Council approval) for a new lease to be issued to give effect to the renewal that the centre is entitled to in terms of the lease granted by the former Heathcote County Council. The principal terms and conditions proposed are:

### **1. LEASED PREMISES**

The footprint of the building being an area of approximately 200m<sup>2</sup> and part of the Council’s title CT 13B/366 held pursuant to the provisions of Section 601 of the Local Government Act 1974. The centre will not have any exclusive right to use the surrounding reserve and any use of the grounds in association with building hire will need to be booked through the Council in the first instance. Refer attached plan.

### **2. TERM**

The term of the new lease be initially for 10 years with a right of renewal for one further term of 10 years less one day. Because the new lease area proposed will now take in only part of the Council’s title, the maximum term including renewals that is permissible without obtaining subdivision consent is 20 years less one day. The term of the lease is to commence from 21 August 1999.

### **3. RENTAL**

The rental proposed to be shown in the new lease is the nominal sum of \$1.00 per annum plus GST (subject to review). The nominal rent is on the basis that the lease contains an express obligation on the community centre to apply retained earnings and operating surpluses to the maintenance/improvements of the building and the replacement of fixtures/chattels. In discussions with the centre they have agreed with this covenant provided this does not prohibit the centre from time to time assisting non profit community organisations by hiring the building to these groups eg (Lions) at reduced rentals and also making small grants to charitable organisations as is their current practice. Officers consider this proviso acceptable subject to such assistance going only to those organisations making use of the building and contributing to the well being of the local community. All normal outgoings will continue to be met by the centre.

**4. RENT REVIEW**

The rental may be reviewed at three yearly intervals from lease commencement to be in accordance with any leasing/licensing policy that the Council has in place at the review date. If no policy is in place at any review date the rent will be in accordance with charges made to similar organisations/societies.

**5. MAINTENANCE**

**(a) Building**

The centre is responsible for all interior maintenance. The Council, as presently, will be responsible for all exterior maintenance and the utility services to the building. The lease will require not only the consent of the Council as landlord but also a resource consent for any proposed structural modifications/alterations to the building as it now exists.

**(b) Grounds**

The Council's Parks Unit will, through contract supervision, upgrade the maintenance of the land surrounding the house and the adjacent Holmcroft Reserve to garden park standards. Currently an overall landscape assessment of the grounds is being undertaken, and future planting will be in terms of this assessment.

The centre has in the past attended to the garden maintenance with an annual Council grant of \$1,000 being made to the centre for this work. This grant has ceased and the Council will now accept full responsibility for grounds maintenance although the centre has indicated a willingness to continue to be involved with the garden upkeep under Council supervision. Should the centre at its initiative wish to implement any special landscape feature that the Council may approve, officers consider it would be reasonable for the centre to finance this work as appropriate.

**6. PERMITTED USE**

Within the provisions of Section 601 of the Local Government Act which includes community, cultural, recreational, educational and leisure activities.

**7. HIRE OF PREMISES**

The right to hire the building for social functions that are permitted by the rules of the centre and will enhance or promote the permitted use. The Council reserves the right to approve the conditions of hire.

**8. PUBLIC LIABILITY INSURANCE**

The limit of liability under Section 3 of the centre's insurances (Property Owners/Landlord's Liability, Tenant's Liability) is to be increased to a minimum of \$1M.

**9. FIRE INSURANCE**

The Council maintains cover for replacement value. Insurance of the contents is the centre's responsibility.

**10. STATUTORY PROVISIONS**

An update of all references to applicable statutory provisions and in particular the Health and Safety Employment Act 1992.

**11. TERMINATION**

In the event of breach, insufficient use or the winding up/dissolving of the Incorporated Society.

**12. IMPROVEMENTS**

The Council is not obligated to compensate for the centre's improvements to the building at termination.

**13. DOCUMENT / COSTS**

An unregistered Deed of Lease. The centre has agreed to meet the Council's legal costs up to \$500 excluding GST.

**14. ACCOUNTS**

The centre to provide annually a full set of its accounts.

- Recommendation:**
1. That the Council approve the terms and conditions outlined in this report for the grant of a new lease to the Cracroft Community Centre (Incorporated) of the Old Stone House.
  2. The Property Manager, in consultation with the Community Advocate at Beckenham, be authorised to administer the terms and conditions of the lease.