

3. UTILISATION OF THE FORMER SOUTH HORNBY CRÈCHE BUILDING

Officer responsible Property Manager	Author Victoria Murdoch - DDI 941-8053
--	--

The purpose of this report is to outline the options available for the future utilisation of the ex South Hornby Nursery and Preschool building now owned by the Council, and to seek an agreement in principle from the Council as to the future use of the building.

CONTEXT OF THE REPORT

Prior to 1997 the South Hornby Nursery and Pre School Trust were operating a pre school out of a classroom at South Hornby Primary School.

In November 1996 the Trust was advised by the Schools Board of Trustees that due to an increasing school roll the South Hornby Primary School now required the classroom and that the Trust would need to vacate the premises by August 1997.

The School and Trust were keen to see the Preschool remain operational and approval was sought and given from the Ministry of Education (MOE) for a site within the school grounds to be designated for the construction of a dedicated facility.

In 1997 the Trust applied to the MOE for a grant to build a new facility and at the same time approached the Council for assistance. The MOE granted \$62,916 and the Council approved \$80,000.

After construction was completed the pre school was run by the Trust. In July 2001 it came to the Council's attention that due to falling student numbers the pre school was facing a funding crisis and on 8 February 2002 the Sockburn Community Advocate received a letter from Crichton Horne and Associates to say that they had been appointed as liquidators.

The Council, after lengthy negotiations, purchased the Trust's share of the building for \$34,875 (inclusive of GST). This purchase occurred after a Council resolution was passed at its June 2002 meeting.

Currently the building is being utilised by South Hornby Primary School. There is no formal agreement in place. However an exchange of letters has occurred with the school agreeing to pay the operating costs for the building. This is not a good use of the Council's asset and does not provide a good return on capital.

EXECUTIVE SUMMARY

The Council purchased the South Hornby Nursery and Pre School building after the Trust went into liquidation. This building is located on MOE land (South Hornby Primary School) and therefore needs to be relocated.

Internal circularisation of the property has been undertaken in accordance with the Property Unit's decision-making flowchart.

Four groups initially expressed interest:

1. St Albans Edu Care Centre
2. Riccarton/Wigram Community Board – for a community facility
3. Redcliffs Crèche – Hagley/Ferrymead Community Board
4. The Leisure Unit – CCC

Detailed submissions were then requested from these interested parties and at this stage both Redcliffs Crèche and the Leisure Unit have withdrawn their interest in the building.

St Albans Edu Care Centre and the Riccarton/Wigram Community Board have provided submissions for the use of the property.

RELEVANT CURRENT POLICY

In accordance with the Christchurch City Council's surplus property decision making flowchart (March 1997) this property has been internally circulated for possible registrations of interest. The registrants who expressed an interest have prepared detailed submissions supporting their desire to use the building and these form the basis of this options report.

DESCRIPTIONS OF PROPOSALS

The proposals received are as follows:

1. St Albans Edu Care Centre

The St Albans Edu Care Centre (SAECC) is an established non-profit making childcare facility currently operating out of premises situated at 3 Thames Street.

In 1998 the Education (Early Childhood Centres) Regulations were reviewed and several more stringent requirements were introduced. These created some problems for the facility as it is a converted older residence which is difficult to light and heat, and is in need of repiling. Office space is very limited and the building does not provide particularly workable or efficient facilities.

The SAECC gained approval from the Council in March 2002 to relocate to Council owned land in the area and obtained, in principle, funding approval from Council of \$350,000 to develop a facility. To date the Property Unit has been unable to locate a suitable Council owned site. If the South Hornby Pre School building was utilised by SAECC then they would have a cost saving in terms of building, which they may then allow for the purchase of a new site for development of this facility.

The Shirley/Papanui Community Board and the Property and Major Projects Committee received a report some time ago detailing the need for a new facility. A new facility would allow expansion of facilities particularly in the area of affordable childcare facilities, which are in short supply.

Suitable Council owned sites have not been identified. The only remaining option to meet the needs of this organisation is through the purchase of land. The funding limitations require that savings be made where possible on the building costs, hence the desire for the obtaining of the South Hornby Pre School building.

Advantages	Disadvantages
Building is a purpose-built childcare facility. Would free up some money from the construction budget to purchase a suitable site. Fills identified need.	Building would need to be extended as too small for current children numbers. The building designed for 24 children with the St Albans Edu Care Centre currently having 35 children on its roll.

2. Riccarton/Wigram Community Board – Community Facility

The Riccarton/Wigram Community Board have established the need for a community facility within the Upper Riccarton area, which is to be managed by the Canterbury Fijian Social Services Trust. The Fijian Social Services Trust is currently operating out of premises at 40 Hilary Crescent. This dwelling was originally constructed by Housing New Zealand and a range of programmes and services targeted primarily towards children and youth from a range of cultural backgrounds are provided. The property is a typical Housing New Zealand dwelling and is not ideally suited for this use and the facilities are of insufficient size.

In August 1999, the Council approved the purchase of a parcel of land in Hillary Crescent for a reserve/community facility. So far a pocket park has been created, but the community facility has not been further developed and would require the further purchase of more land to house a facility. The original purchase was undertaken on a property adjacent to a Housing New Zealand dwelling in anticipation that a dwelling site could be purchased for the community facility but prior to a moratorium on sales occurring from Housing New Zealand.

The site of Hanson's Reserve has now been identified for this facility subsequent to Hillary Crescent being abandoned as an alternative. The Parks Unit is supportive of this proposal. There are issues associated with building on a reserve, which will need to be worked through.

Funding for the project is currently being investigated through the staff committee led by Tony Gemmill, which provides amounts for unallocated community facilities. Further funding may be sought from the Finance and Policy Committee of the Riccarton/Wigram Community Board who may consider contributing towards the relocation costs of the building.

Advantages	Disadvantage
Building in present state is suitable with only minimal alteration. Cost Benefit of relocating. Fills identified need.	

A third option available to the Council would be to sell the building on the open market. Demand for relocatable, particularly specialised buildings is very limited and through an open tender process would provide limited opportunities. The price achieved would also be very low and it is anticipated that it would be less than the \$34,875.00 (inclusive of GST) that the Council paid to purchase the Trust's share in the building.

ISSUES

Two submissions have been received for the use of the relocatable South Hornby Preschool building. Both proposals have identified needs and a real demand for the facilities.

St Albans Edu Care Centre has budget approval of \$350,000 to develop a facility. This was intended to be spent on a new building to be constructed on Council owned land. To date a suitable site has not been identified and it may be considered necessary for the Council to purchase a site for this purpose, which would constrain the budget and make the project unviable within current provisions. Although the South Hornby Pre School building would need to be modified and extended this building would be a much cheaper and sustainable option that needing to construct a new facility.

Further research and development of this proposal needs to be undertaken in terms of developing site options and the building programme.

The Riccarton/Wigram Community Board is currently seeking funding for its proposed community facility. The Community Board is relatively confident in its bid, as it believes that there is a distinct need for this facility.

The building would be suitable without extension. However, work is still required on the identification of a suitable site.

Both projects require further development on site options and costs to establish whether they are achievable within current budget provisions.

FINANCIAL ANALYSIS

An independent valuer valued the building in April 2002 for the purpose of assessing the market value of the building in order for the Council to establish what they should pay for the Trust's share in the building. The value was assessed at \$108,000 + GST and the Trust's share assessed at \$48,600 + GST but purchased for \$31,000 + GST.

CONCLUSION

Both submissions received for the property are valid and have identified needs within the community. However, it is considered that this building is better suited in design terms for use as a community facility in the Riccarton/Wigram Community Board area. The use and development of this facility is still yet to be finalised in terms of funding but staff are assured it will be considered a high priority due to needs.

Staff

Recommendation:

1. That the Council support in principle the utilisation of the South Hornby Pre School building for a community facility in the Upper Riccarton area.
2. That recommendation 1 above be subject to the Riccarton/Wigram Community Board securing the appropriate funding to cover all capital and operational costs.

Deputy Chairman's

Recommendation:

That the above recommendation be adopted.