

3. CANTERBURY HOCKEY FOUNDATION TRUST - NUNWEEK PARK LEASE, RENT ADJUSTMENT

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The purpose of this report is to consider reducing the rent that the Canterbury Hockey Foundation Trust (Trust) pay for the lease of its site at Nunweek Park.

The Waimairi Artificial Surface Trust Board's lease over part of Nunweek Park has been reassigned to the Trust. Within its leased area there is an artificial hockey surface, small shop, administration and changing/storage facilities.

At its March 2001 meeting the Council resolved to reduce the annual rent payable to the Council, to \$1,778 plus GST. This was as a result of a request by the former lessee for a review of rent in accordance with clause 22 of the lease document.

The Council also resolved:

'That officers present a further report for Council consideration concerning the trust's lease agreement, once the rents charging policy for the leasing of Council park and reserves land to sports clubs and community groups has been decided by the Council.'

This report is presented to fulfil this requirement.

COUNCIL POLICY

At the Council budget approval meeting held in June 2001, the Council adopted a policy for the charging of rent to sports clubs that lease Council owned or controlled, bare park and reserve land, up to one hectare in area (Council Sport Club Lease Charging Policy).

The main elements of the policy are as follows:

1. The value of the bare land as is decided three yearly by the rating valuation averaged across 10 sites across the city, to arrive at one square metre value.
2. A commercial return that should be expected from the bare land annually, being cognisant of the fact that it is public park and reserve land.
3. This return being discounted to recognise the value of the activity occurring upon the land to the community, and the contribution the activity makes towards achieving the Council's stated outputs. In the case of the playing surface this return is discounted by 80%, while the areas occupied by buildings are discounted by 20%.
4. This rate is reviewed every three years in tandem with the three yearly rating valuation.

Currently the rate charged is 6.09 cents per square metre for playing surface, and 24.36 cents per square metre for the area occupied by buildings annually.

CANTERBURY HOCKEY FOUNDATION TRUST'S NUNWEEK PARK LEASE

The Trust leases approximately 2.0938 hectares (20,938m²) of bare land from the Council at Nunweek of which 180m² is occupied by building. Approximately a further 151m² of bare land in the same complex is leased to the Harewood Hockey Club. All the developments that have occurred upon the land have been built, and paid for, by the Trust and Club. Therefore are retain ownership of the developments.

Council staff are commencing a process to put in place a policy for charging sports clubs for leased areas over one hectare in size. However, in the meantime, staff believe it to be prudent not to charge more per square metre for sports clubs that lease larger areas than one hectare, than is charged for sport clubs who lease one hectare or less.

If the Council Sports Clubs Lease Charging Policy is applied to the Trust's Nunweek Park lease, the annual rent payment would be approximately \$1,308 plus GST, a \$470 plus GST reduction from the present level of rent paid.

Although the Trust's lease agreement specifies in clause 22, that any rent review will be undertaken by way of independent valuation as set out in the Public Bodies Leases Act 1969, most other sports bodies leases are assessed according to the Council Sports Club Lease Charging Policy. The probable rent amount using the independent valuation method, is significantly more than the amount of the ground rent arrived at using the Council Policy. Therefore, the continual review of rent in accordance with the present clause is not equitable in relation to the rent being paid by similar sporting organisations who lease Council owned or controlled park and reserve land. Accordingly, staff are recommending that the present clause 22 in the lease document be changed to reflect the current Council Sport Club Lease Charging Policy.

CONCLUSION

As signalled, the rent amount arrived at using the independent valuation method is somewhat more than that which would be payable in accordance with Council Policy. While it is acknowledged that revenue to the Council will reduce by approximately \$470 plus GST, this saving in rent by the Trust will be put back into the sport, thereby contributing to the Council outputs (see Appendix 1 attached). This action will also remove an anomaly between the amount of rent paid by different sporting organisations that lease Council owned or controlled park land.

Also the proposed change to clause 22 in the Trust's present lease agreement to reflect the contents of the Council Sport Club Lease Charging Policy will ensure that this anomaly does not occur in the future.

- Recommendation:**
1. That the Council reduce the annual rent payable by the Canterbury Hockey Foundation Trust to the amount (approximately \$1,308 plus GST) that is payable in accordance with the Council Sports Clubs Lease Charging Policy.
 2. That clause 22 of the Canterbury Hockey Foundation Trust's Nunweek Park lease document be changed to reflect the Council Sports Club Lease Charging Policy.
 3. That when a Council Sports Club Lease Charging Policy becomes operative for areas over one hectare in size, that clause 22 of the Canterbury Hockey Foundation Trust's Nunweek Park lease document be changed to reflect this new policy, and the annual rent charged adjusted.