

Mayor and Councillors
COUNCIL

28 SEPTEMBER 2017

Meeting Status: **Public**

Purpose of Report: For Decision

PARAPARAUMU BRIDGE CLUB LEASE

PURPOSE OF REPORT

- 1 This report seeks Council's approval to enter into a Deed of Lease with the Paraparaumu Bridge Club (The Club) for the ground lease of the property situated at 1 Brett Ambler Way, Paraparaumu.

DELEGATION

- 2 Council has the authority to consider this matter.

BACKGROUND

- 3 On 31 August 1997 the Club entered into a Lease for a term including renewals of twenty years. The lease expired on 30 August 2017.
- 4 The property is situated at 1 Brett Ambler Way, Paraparaumu and the Club constructed their own clubroom on this site and have been responsible tenants.
- 5 Council staff have been in negotiation with the Club for a new lease from 31 August 2017.

ISSUES AND OPTIONS

Issues

- 6 Subject to Council approval the Club has agreed to the terms of a new lease with the following points highlighted:
 - The term is for ten years with one right of renewal of a further ten years.
 - A requirement for Council to pay compensation for the value of improvements (the building) at the end of the lease. This clause is carried forward from the expired lease due to the fact that Council would otherwise be required to pay for the improvements now. Our discussions with the Club have therefore been on the basis of the clause remaining.
 - The Club intends to continue to use their facility as a Bridge Club and may on the odd occasion use the facility for non-Bridge related functions.

CONSIDERATIONS

Policy considerations

- 7 There are no policy considerations.

Legal considerations

- 8 There are no material legal considerations. The lease terms and conditions are otherwise based on a standard lease document amended to incorporate the specific commercial conditions relevant to the Bridge Club.
- 9 Council's legal advisor will approve the Deed of Lease prior to both parties signing.

Financial considerations

- 10 For the purposes of determining the annual rent, there are three rent structures that have been considered.
 - The first, (which the club has accepted) is an annual commencing rent of \$2,055 plus GST. This is the rent the Club would have paid had the expired lease continued. It originates from a discounted rental amount agreed in 1997. It is intended that there is an annual CPI based adjustment applied; the same process as the expired lease.
 - The second option is to use the same rent structure that applies to reserve leases. The Club's activity is consistent with other reserve leases including the Waikanae Bridge Club. If this were reserve land the Club would be paying \$332 per annum but Council would be under no obligation to compensate reserve lease tenants for their improvements upon lease expiry. A reserves lease also contains provision to terminate at three months' notice. The reserves based rent has therefore been discounted as an option.
 - The third option is to charge a market based rent. The site has not been formerly valued but staff have discussed rent levels with a registered valuer. The advice suggests the annual rent would be in the order of \$8,000 to \$10,000 per annum. This assumes a land value of between \$350 to \$400psm and a capitalisation rate of around 6%. The Club is not a commercial business, and therefore a commercial based rental would be inappropriate and onerous.
- 11 It is therefore proposed that the rent be set on the basis of the expired lease at \$2,055 along with annual CPI based rent reviews.

Tāngata whenua considerations

- 12 There are no known tāngata whenua considerations.

Significance policy

Degree of significance

- 13 This matter has a low level of significance under Council policy.

Consultation already undertaken

- 14 Staff have met with the Club, discussed the lease terms and conditions and received confirmation that the Lease as drafted is acceptable.

Engagement planning

- 15 An engagement plan is not needed to implement this decision.

Publicity

16 Public notification in this instance is not required.

RECOMMENDATIONS

17 That the Kāpiti Coast District Council authorises the Chief Executive to enter into a Deed of Lease with Paraparaumu Bridge Club on the terms and conditions set out in this report for a term of ten years, with one right of renewal for ten years, commencing 31 August 2017 for the ground lease of the property situated at 1 Brett Ambler Way.

Report prepared by

Approved for submission

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