

Council Leasing Policy review

TO All Community Boards
FROM Scott Summerfield - Strategic Planning Team Leader
DATE 20 June 2017
SUBJECT Council Leasing Policy review

1 Purpose of Report

This report presents to Community Boards the revised Leases and Licences to Occupy Policy for endorsement. The report also presents for the Community Boards' consideration the total quantum of rates which are not currently on-charged to lessees and are met by each Community Board.

2 Background

In 2006 Council adopted a Leasing Policy for organisations wishing to lease Council-owned land. The Leasing Policy currently sets rental costs as follows:

Category	Rental Amount
Category 1: Emergency services groups	\$100 per annum
Category 2: Clubs and Community Groups	\$350 per annum
Category 3: All others	Market rental

The current Leasing Policy stipulates that lessees are to have their TCDC and WRC rates on-charged to them. Council receives these rates bills as it is the landowner.

On 30 September 2009 Council resolved that emergency services groups, and clubs and community groups should not have their rates on-charged until the leasing policy was reviewed, and as a result that these should be paid for by Council as the landowner. As a result, rates for these properties are paid for through the relevant activity which has held the land or property. This is predominantly in local halls or local parks and reserves budgets.

A review of Council's Leasing Policy was undertaken in 2016 by strategic planning staff. The review was paused to allow for the 2016 local body election to take place, so that decisions on the policy could be made by the new councillors and community board members.

In the 2016/17 year, the relevant TCDC rates estimated to be paid for community and emergency services organisations by community boards is below. To get a clearer picture of what actual rates should be, comprehensive inspections of community facilities will be required.

Coromandel-Colville	\$14,000
Mercury Bay	\$33,000
Tairua/Pauanui	\$19,000
Whangamata	\$35,000
Thames	\$25,000
Total	\$126,000*

*rounded to the nearest thousand

3 Issue

Feedback on the revised policy on leased Council properties is sought from each Community Board prior to consideration by the Council.

4 Discussion

Staff have prepared a revised policy, now known as the Leases and Licences to Occupy Policy. This policy was workshopped with Council and the Community Boards in the first six months of 2016. The reviewed policy, included as **Attachment A**, clarifies what organisations are eligible as a community group by defining this as an incorporated society, a club or a registered charity.

The reviewed policy will not change the rental amounts which should be charged to organisations leasing property from Council. Staff recommend that leases are aligned to these set rental amounts as rent reviews occur. A number of leases have had their lease rental rate fixed at a level different to the rental amount set in the policy.

The reviewed policy reaffirms the requirement that rates be on-charged to lessees, and staff recommend that Council rescind its previous resolution that these rates not be on-charged.

On-charging rates to all lessees will clarify the level of support received by these groups from Council and Community Boards. Community boards will have the option of:

- Not paying rates for community organisations renting property from Council
- Paying rates for all community organisations renting property from Council
- Paying the rates of some community organisations renting property from Council on an application basis.

Advising community organisations of their rate requirement will bring transparency to the process of these rates being paid by Community Boards, should this practice continue.

Importantly, should an application process be run for this rate relief, each Community Board will be able to make a decision to continue paying the rates of community organisations leasing Council property should they wish to do so. This will allow Community Boards to distinguish between those organisations which require support in paying their rates, and those who, despite being a community organisation or club, may have sufficient revenue to bear the cost of rates themselves.

Staff propose that all lessees receive a letter once the reviewed policy is adopted by Council which explains that rates will be on-charged from 2018/19 as per our policy, and include an estimate of their 2017/18 rates amount to illustrate the quantum of the rating requirement. The letter will also explain that the Community Boards are able to consider continuing to pay rates for these organisations upon application. Applications may be received until 31 October 2017 for the Community Boards to make a decision. 2018-2028 Long Term Plan budgets can then be updated to reflect the rates to be paid by community boards.

Council will separately look at remissions for community organisations which do not lease Council property as part of the review of the remissions policy for the 2018-2028 LTP.

5 Suggested resolution(s)

That the Community Board:

1. Receives the 'Council Leasing Policy review' report, dated 20 June 2017.
2. Endorses the revised Leases and Licences to Occupy Policy included as Attachment A.
3. Recommends that Council rescind its 30 September 2009 resolution:
"Defers charging Rates and Service Charges specified in Attachment A until such time as the Land Leases Policy is reviewed."

References-Tabled/Agenda Attachments

Attachment A *Leases and Licences to Occupy Policy*

Attachment A
Attachment A - 2016 April 19 Draft Leasing Policy