



# Leasing Of Property Policy

## 1.0 RATIONALE:

- 1.1 The Council leases or licenses various assets to companies, incorporated Societies and individuals for a variety of purposes and uses.
- 1.2 A standard approach, in a general sense, is taken although each differs one from another, in dealing with enquirers and applicants, as well as in reviews carried out in terms of each operative document.

## 2.0 PURPOSE:

- 2.1 To ensure that the interests of the Council are protected by users of an otherwise underused asset and to provide the users with a certainty of tenure and conditions for the term of the occupancy.

## 3.0 GUIDELINES:

- 3.1 The generic term “leasing” can be broken down into:

- Leases
  - buildings (in whole or in part);
  - farmland
  - other land
  - camping grounds
- Licences to Occupy
  - Land on which an occupier’s building or facility is located. [*See also Community Groups Use of and Access to Council Parks and Reserves Policy*]
  - Non-exclusive use of a whole or part of a building
- Licences to Graze
  - Generally small blocks of land, including unformed paper roads.

- 3.2 The term of a “lease” is dependent on the nature of the asset being leased, and a likely future use, usually looking ahead for up to 5 years and taking into account the goals of the South Wairarapa Council Community Plan. All leases will have an early termination clause.

- 3.2.1 A Licence to Occupy for a building on a Council reserve will recognise its value to both the organisation and the community.

- 3.2.2 Leases of farmland will reflect current leasing rates, whereas licences to graze are generally used as a means of controlling vegetation on a strip but recognise the value of accessible water and for the Council not to have to budget for maintenance costs.

- 3.2.3 Leases of buildings, in whole or in part, are treated as a commercial operation with a realistic return provided to the Council.

There can be exceptions to this where a tenancy is considered by the Council to be a community use and benefit and which meets the goals of the LTP. In such situations a rental concession may be agreed to by the Chief Executive Officer after conferring with the Mayor.

- 3.3 With the exception of licence's to occupy and licence's to graze, a professional valuation is obtained prior to reaching an agreement with a prospective tenant. This also applies in respect of rent reviews or renewals.
- 3.4 Wherever possible tenders are invited for a lease or licence but there are situations where that course is not practical or appropriate to the specific property.
- 3.5 At all times legislative requirements, the Local Government Acts 1974 and 2002 as well as the Reserves Act 1977 and any other relevant legislation, must be taken into account and followed, in particular the processes of consultation.
- 3.6 For uses of reserve land (not road reserves) the operative or draft Reserve Management Plan is taken into account.
- 3.7 Leases and licence's (but usually not licence's to graze) are generally prepared by the Council's solicitors apart from minor lease/licenses. Despite their being prepared by a solicitor they must always be checked, and not taken at face value as errors, inconsistencies and a lack of understanding of a given situation can occur.
- 3.8 Rent payments are, without exception, payable on the first day of the commencement of a lease or license, and at the agreed intervals as set out in a document. No credit is given hence billings must be set up by Accounts Receivable to ensure that payments are made on the due date.