

## Commercial Property Committee Agenda

**Date:** 7 September, 2021

**Time:** 1:00 pm

**Location:** Virtual Meeting Room

**Elected Members:** Cr Greg Innes (Chairperson)  
Cr Gavin Benney  
Cr Ken Couper  
Cr Shelley Deeming  
Cr Phil Halse

For any queries regarding this meeting please contact  
the Whangarei District Council on (09) 430-4200.

**1. Declarations of Interest**

**2. Apologies**

**3. Confirmation of Minutes of Previous Commercial Property Committee Meeting**

- |   |   |
|---|---|
| 3.1. Minutes Commercial Property Committee Meeting 23 June 2021 | 1 |
|---|---|

**4. Information Reports**

- |  |   |
|--|---|
| 4.1. Presentation of the Project Workplan, direction for strategy and terms of reference | 5 |
|--|---|

- |   |    |
|---|----|
| 4.2. DRAFT Commercial Property Guidelines | 13 |
|---|----|

**5. Public Excluded Business**

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| 5.1. Confidential Minutes Commercial Property Committee 23 June 2021 |  |
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- |                      |  |
|----------------------|--|
| 5.2. Property matter |  |
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**6. Closure of Meeting**

Recommendations contained in the agenda are not the decisions of the meeting.

Please refer to minutes for resolutions.

**Item 3.1**
**Commercial Property Committee Meeting Minutes**

**Date:** Wednesday, 23 June, 2021  
**Time:** 1:00 p.m.  
**Location:** Council Chamber  
 Forum North, Rust Avenue  
 Whangarei

**In Attendance**
  
 Cr Greg Innes (Chairperson)  
 Cr Ken Couper  
 Cr Shelley Deeming  
 Stuart Bagley (Independent Adviser)  
 Graeme Kerr (Independent Adviser)

**Not in Attendance**
  
 Cr Gavin Benney  
 Cr Phil Halse  
 Her Worship the Mayor Sheryl Mai

**Also present**
  
 Cr Anna Murphy  
 Cr Carol Peters  
 Cr Simon Reid

**Scribe**
  
 N. Pestana (Team Leader Democracy)

**1. Declarations of Interest**

There were no declarations of interest made at this meeting.

**2. Apologies**

Cr Gavin Benney, Cr Phil Halse and Her Worship the Mayor.

**Moved By** Cr Greg Innes

**Seconded By** Cr Shelley Deeming

That the apologies be sustained.

**Carried**

**3. Confirmation of Minutes of Previous Commercial Property Committee Meeting**

**3.1 Minutes Commercial Property Committee Meeting held 23 February 2021**

**Moved By** Cr Shelley Deeming

**Seconded By** Cr Ken Couper

That the minutes of the Commercial Property Committee held Wednesday 23 February 2021, including the confidential section, having been circulated, be taken as read and now confirmed and adopted as a true and correct record of the proceedings of that meeting.

**Carried**

#### **4. Information Reports**

##### **4.1 Working Draft Commercial Property Guidelines 2021**

###### **4.1.1 Working Draft Commercial Property Guidelines 2021**

**Moved By** Cr Shelley Deeming

**Seconded By** Cr Ken Couper

1. That the Commercial Property Committee under delegation endorse the draft Commercial Property Guideline.
2. That the Commercial Property Committee notes and provides feedback on the draft Commercial Property Guideline.

**Carried**

#### **5. Public Excluded Business**

**Moved By** Cr Greg Innes

**Seconded By** Cr Shelley Deeming

That the public be excluded from the following parts of proceedings of this meeting. The general subject of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter, and the specific grounds under Section 48(1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:

<b>General subject of each matter to be considered</b>		<b>Reason for passing this resolution in relation to each matter</b>	<b>Ground(s) under Section 48(1) for passing this resolution</b>
1.1	Confidential Minutes Commercial Property Committee Meeting held 23 February 2021.	Good reason to withhold information exists under Section 7 Local Government Information and Meetings Act 1987	Section 48(1)(a)
1.2	Commercial Property Committee Update.		

This resolution is made in reliance on Section 48(1)(a) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by Section 6 or Section 7 of that Act which would be prejudiced by the holding of the whole or the relevant part of the proceedings of the meeting in public, are as follows:		
Item	Grounds	Section
1.1	For the reasons as stated in the minutes	
1.2	To prevent the disclosure or use of official information for improper gain or advantage. To enable Council to carry on without prejudice or disadvantage commercial activities.	Section 7(2)(j)  Section 7(2)(h)

**Carried**

## **6. Closure of Meeting**

The meeting concluded at 14.28pm.

Confirmed this 7<sup>th</sup> day of September 2021

Cr Greg Innes (Chairperson)



## 4.1 Commercial Property – Project workplan, direction for strategy and terms of reference

<b>Meeting:</b>	Commercial Property Committee
<b>Date of meeting:</b>	7 September 2021
<b>Reporting officer:</b>	Tony Collins – Manager District Development

### 1 Purpose

To provide an overview of the operational 2021 Workplan for Commercial Property and seek initial feedback on the Strategic Direction for the Commercial Property Portfolio and any changes to Committee Terms of Reference prior to a Briefing with Council.

### 2 Recommendations

That the Commercial Property Committee:

1. Notes the operational Workplan - Commercial Property 2021; and
2. Provides feedback on the Strategic Direction for the Commercial Property Portfolio and changes to Committee Terms of Reference prior to a Briefing with Council.

### 3 Background

Council owns a diverse range of properties in freehold and perpetual leasehold tenure, with the aim “to promote the social, economic, environmental, and cultural well-being of communities in the present and for the future”.

One of the challenges for the portfolio in recent years, has been defining ‘what success looks like for Council’, as this is a mix of monetary and other outcomes which can be competing at times. In light of this articulation of the Strategic Direction and re-drafting of the Terms of Reference is recommended.

As such this Agenda provides a high-level overview of the operational Workplan - Commercial Property 2021, with a view to then facilitating a Committee discussion around potential changes to the Committee’s Terms of Reference and the potential focus for a Commercial Property Strategy.

It is proposed that this feedback and direction would feed into a full Council Briefing prior to any decision of Council.

### 4 Discussion

#### Project workplan

The Project Workplan outlines the direction, key milestones and actions for projects relevant to the Committee. These projects include:

- The Commercial Property Prospectus
- The Commercial Property Strategy

- Any updates to Terms of Reference
- Creation of Commercial Property Guidelines
- An update to the Property Policy 0078

Based on this document a full operational project plan has been developed with further detail. A summary 'Commercial Property Project Plan 2021' outlining roles, responsibilities and indicative timelines has been included as Attachment 1.

### **Terms of Reference**

At the June 2021 meeting, it was noted that changes to the Terms of Reference were necessary to support quick decision making in combination with Council.

Staff are seeking feedback from the Committee around definition of success, purpose and key responsibilities of the Committee based on their learnings to date, and aligning to the work programmes previously reported to the Committee (as outlined above).

For example the Commercial Properties Committee's function could be to provide governance, monitoring and direction that improves the performance of the Council's commercial portfolio. This would include governance oversight of planning and monitoring to guide the Commercial Property portfolio, while ensuring timely and transparent decisions.

These matters will be worked through with the Committee for direction and feedback prior to a Council Briefing. Any changes to Terms of Reference would be a decision of full Council.

### **Commercial Property Strategy**

Staff are seeking feedback from the Committee on the Strategy including the vision, purpose and direction of the portfolio over the next five years.

One idea is that this document outlines the following:

- Purposes and objectives aligned with the organisational tikanga (*Atawhaitanga, Whanaungatanga and Manaakitanga*). These objectives could then be connected back to commercial property.
- What we will do and how we will do it
- What 'success' looks like for each class or property. This would in turn be used to articulate the outcomes for a corresponding action plan (below).
- Categories and action plans for each of the class of property and/or for individual properties. These would determine the potential of an asset based on a combination of geographic, demographic, and physical characteristics.

This option, along with other ideas from the Committee, will be discussed and workshopped in this meeting. Feedback and direction will be then worked through at a Council Briefing, with a view to drafting a strategy for endorsement of Council.

### **Risks**

There are currently two risks for this project, both of which are medium risk.

- The internal capacity of staff due to resignations and vacancies. Reduced internal capacity may impact on the timeline for delivery of this project over the next three months, when it is anticipated that these roles will be permanently filled. Internal secondment options are currently being worked through and the Economic Development Facilitator is providing part time support in the meantime.
- A second risk is Level 4 lockdown and the disruption this could have on the project milestones.



## **5 Significance and engagement**

Having considered the Significance and Engagement Policy this matter is not considered significant and the public will be informed at an appropriate time without compromising such matters of confidentiality.

## **6 Attachment**

1. Workplan Commercial Property 2021



**Whangarei District Council**

**Commercial Property Project Plan  
2021**

Commercial Property Project Plan 2021			
<b>Group</b>	Planning & Development	<b>Business owner</b>	District Development
<b>Date adopted</b>	27 May 2021	<b>Adopted by</b>	Tony Collins
<b>Review Cycle</b>	1 year	<b>Last Review date</b>	Created 26 May 2021 Updated 24 August 2021

## 1. Project scope

Council owns a diverse range of properties in freehold and perpetual leasehold tenure, with the aim “to promote the social, economic, environmental, and cultural well-being of communities in the present and for the future”.

To achieve these aims, Councillors have agreed to launch a commercial property prospectus in the future.

This now requires internal documents to support the prospectus, as outlined below:

- Creation of Commercial Property Strategy
- Updated Terms of Reference
- Creation of Commercial Property Guidelines
- Update Property Policy 0078

These documents are currently within the project scope, any additional requirements may have an impact on the delivery of the Prospectus to market.

### Background timeline

- In December 2019 Councillors agreed to develop V2 Property Prospectus.
- From this Council agreed to create the Commercial Property Committee
- In December 2020 the request was made by the Committee, for District Development to develop a Commercial Property Strategy.
- In June 2021 the Commercial Property Guidelines were presented to the Committee

## 2. Roles and responsibilities

Role	Person	Time required – weekly
<b>Project Sponsor</b> <ul style="list-style-type: none"> <li>- Make key business decisions for the project</li> <li>- Approve the overall project budget and scope</li> <li>- Ensure availability of resources</li> <li>- Communicate the project's goals throughout the organisation, Commercial Property Committee and Councillors</li> <li>- Provides updates to Councillors, Commercial Property Committee and WDC CEO</li> </ul>	Dominic Kula	2 hours
<b>Business Owner</b> <ul style="list-style-type: none"> <li>- Carry business owner responsibility for the project</li> <li>- Approve all changes to the project scope</li> <li>- Provide additional funds for scope changes</li> <li>- Approve project deliverables</li> <li>- Manage Commercial Property Advisor and Project Manager</li> </ul>	Tony Collins	5 hours
<b>Commercial Property Advisor</b> <ul style="list-style-type: none"> <li>- Commercial property subject matter expert</li> <li>- Guidance on the LGA and other legislation requirements for Council</li> <li>- Knowledge of the commercial sites and reports</li> <li>- Provide knowledge and understanding of the wider property portfolio within council and the key stakeholders</li> </ul>	TBC	10 - 15 hours
<b>Project Manager</b> <ul style="list-style-type: none"> <li>- Reports project progress, plans and issues to Project Sponsor &amp; Executive Sponsor</li> <li>- Manages all day-to-day project activities.</li> <li>- Responsible for overall project delivery and closure</li> <li>- Supports the connection to Economic Development</li> </ul>	Jade Williams	20 hours

- Creation of the launch and marketing plan		
<b>Subject Matter Experts</b> -Function is to inform the content and provide advice to the Project/Committee/Council	Graeme Alan Adcock	As required

### 3. Timeline- Key dates

Commercial Property Project

\*other document milestones to be created based off Committee and Council feedback

Deliverable	Indicative Dates
Creation of Steering Group, project plan, roles and responsibilities	27 May
Draft Commercial Property Guidelines	12 May, 19 May, 25 May, 2 June,
Signed off Draft Commercial Property Guidelines for Committee	8 June (Monday 7 June Queens Birthday) 11 June agenda submitted
Presented to Commercial Property Committee	23 June
Project Plan, Strategic Direction and Terms of Reference Committee Meeting	7 September
Strategic Direction and Terms of Reference Committee Meeting	October
Council Briefing <ul style="list-style-type: none"> <li>- Develop Terms of Reference</li> <li>- Strategic Direction and Guidelines</li> <li>- Property Policy 0078</li> </ul>	October/November
Presented to Council for adoption <ul style="list-style-type: none"> <li>- Terms of Reference</li> <li>- Strategic Direction and Guidelines</li> </ul>	TBC

### 4. Key documents

#### Internal documents

- Property Policy 0078 – currently in review

#### External documents

Commercial Property Prospectus V4



## 4.2 DRAFT Commercial Property Guidelines

**Meeting:** Commercial Property Committee  
**Date of meeting:** 7 September 2021  
**Reporting officer:** Dominic Kula – General Manager, Planning & Development

### 1 Purpose

To update the Committee on the draft Commercial Property Guidelines.

### 2 Discussion

In June 2021 the Committee worked through DRAFT Commercial Property Guidelines (June 2021 Agenda/guidelines included as Attachment 1).

While it had been intended to bring changes made to the guidelines as a result of feedback from the Committee back for endorsement at this meeting, with a view to then Briefing Council prior to adoption, the Level 4 lockdown resulted in marked up changes being left in the office.

If Alert Levels change prior to this meeting and staff are able to enter the office a Supplementary Item will be distributed to the Committee providing an updated DRAFT Commercial Property Guidelines.

Should Alert Levels not change prior to this meeting this item will be deferred until the Committee's October meeting.

### 3 Attachment

June 2021 Agenda and Draft Property Guidelines 2021





## 4.1 Working Draft Commercial Property Guideline

<b>Meeting:</b>	Commercial Property Committee
<b>Date of meeting:</b>	23 June 2021
<b>Reporting officer:</b>	Mike Hibbert (Commercial Portfolio Manager)

### 1 Purpose

To endorse the working draft Commercial Property Guideline and provide feedback in preparation to finalise the strategy for adoption by Council.

### 2 Recommendations

1. That the Commercial Property Committee under delegation endorse the draft Commercial Property Guideline.
2. That the Commercial Property Committee notes and provides feedback on the draft Commercial Property Guideline.

### 3 Background

Council owns a diverse range of properties in freehold and perpetual leasehold tenure, with the aim “to promote the social, economic, environmental, and cultural well-being of communities in the present and for the future”.

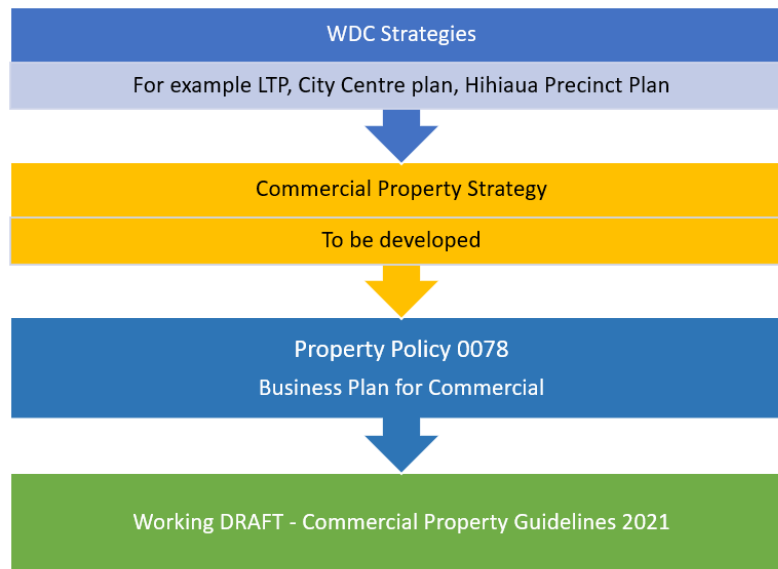
In December 2020 the Commercial Property Committee, requested District Development to develop a Commercial Property Strategy. This was to support Councils aim in the future of launching a Commercial Property Prospectus. As part of this there needs to be a decision-making framework or guideline that provide a consistent defensible process for the acquisition and disposal of Council Commercial property or properties identified as future purpose.

### 4 Discussion

The Commercial Property Portfolio plays an important part to support and influence the delivery of outcomes identified in Councils broader strategies. In the absence of a coordinated approach Council would be reliant on the private sector to deliver such vision.

The current hierarchy of documentation as illustrated includes a proposed Commercial Property Strategy and a draft working Commercial Property Guideline.

### Hierarchy of documentation.



The Commercial Property Guideline is intended to provide a framework to assist in future decision making regarding the disposal and/or acquisition of commercial property assets. Although commercially focused it will compliment other areas of Council that have existing strategies relating to Council Services and Infrastructure portfolios ensuring cross organisation coordination.

The foundation of the Guideline is based on the property Policy (0078), and outlines governance, decision making and next steps for Council, Committee and Staff. In clarifying these roles, it will provide clear written guidelines to ensure effective disposal and/or acquisition of the Commercial Property Portfolio assets and/or defining future purpose properties.

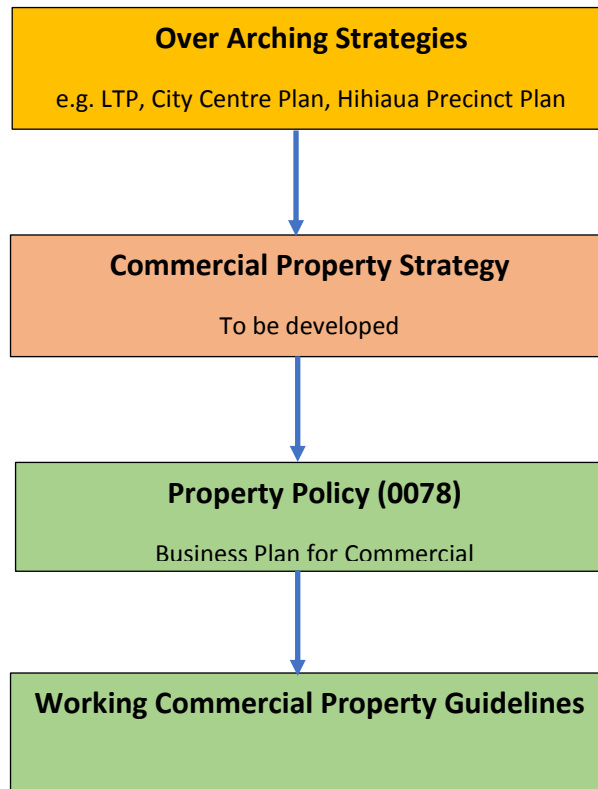
Feedback from the Commercial Property Committee will be used to finalise the draft documentation in preparation for adoption by Council. Changes where applicable will be reflected into the broader review of the Property Policy (0078) currently underway and the development of the Commercial Property Strategy.

## **5 Significance and engagement**

Having considered the Significance and Engagement Policy this matter is not considered significant and the public will be informed at an appropriate time without compromising such matters of confidentiality.

## **6 Attachment**

1. Working Draft Commercial Property Guideline



# DRAFT Commercial Property Guidelines 2021



## Context

Whangārei District Council holds a significant property portfolio of approximately 1,974 properties, encompassing over 5,500 ha of land with a total capital value (land and buildings) of just over \$1.043 billion (March 2021).

The total value of the commercial property portfolio is \$74 million (June 2021). There are investment and future use properties as part of this portfolio.

These properties are held by Council to enable service delivery to the community as defined in the Local Government and Amendment Acts (LGA).

In section 10 of the LGA, there is an obligation for all local authorities “to promote the social, economic, environmental, and cultural well-being of communities in the present and for the future”.

# Contents

## Guidelines

Definitions	Page 4
Purpose	Page 5
Commercial Property Guideline objectives	Page 6
Strategic and Non-Strategic Assets	Page 7
Disposal of property	Page 8
Acquisition of property	Page 9
Future purpose and management of property	Page 10

## Decision making and process

Property acquisition and disposal assessment process	Page 11
Step 1 - Property policy objectives	Page 12
Step 2 – Essential Criteria for Land Acquisition or Disposal Summary	Page 13
Step 3 – Decision Tree – Governance	Page 14

## Appendices

Appendix 1 – Essential Criteria for Land Disposal Scorecard	Page 15
Appendix 2 – Essential Criteria for Land Acquisition Scorecard	Page 17
Appendix 3 – Future Property Management Plan	Page 20
Appendix 4 – Commercial Property Register	Page 22



# Definitions

**Acquisition** - to obtain or receive land or property through a method such as purchase or gift.

**Council** - Whangarei District Council.

**Disposal** - to sell or otherwise relinquish ownership of land, property or part interest thereof.

**Future purpose** - sites acquired for future development or to aid future urban development or infrastructure needs.

**Non-strategic** – non - strategic property owned by Council that is no longer necessary and may be sold.

**Property** - Commercial Property Portfolio.

**Strategic** – strategic property owned by Council that needs to be retained to maintain the capacity to achieve or promote any outcome that Council determines to be important to the current or future wellbeing of the community (see Section 5 of the Local Government Act).

**The Committee** – Commercial Property Committee.

**The Guidelines** - Commercial Property Guidelines 2021.



## Purpose

The purpose of the Guidelines is to articulate, “Why are we doing this?” and “How will we do this?”. The Property Policy 0078 (‘Policy’) covers the broader Council property portfolio and the Guidelines will sit below the Strategy.

The intention of the Guidelines is to assist the Council in future decision making regarding its commercial property assets. In December 2020, elected members supported the creation of the Guidelines. Commercial property is the focus as other Council Departments have existing strategies relating to their property. Because of this, the phrase ‘property’ will refer to only the Commercial Property Portfolio.

The Guidelines will also be used by the Commercial Property Committee to clarify governance, decision making and next steps for the Committee, Council staff, Councilors and Council CEO regarding property. In clarifying these roles, the Guidelines will provide clear written processes and ensure effective management of the Commercial Property Portfolio as defined by the Policy.

Photo credit: ARCO Group





## Commercial Property Guidelines objectives

The objectives of the Guidelines is to:

- Create written Guidelines for acquiring or disposing of commercial property.
- While there is a Policy in place, there is a requirement for a formal process to:
  1. Understand when to dispose or acquire property.
  2. Define future purpose and management of this type of property.

There are two key decision-making documents outlined in the Guidelines:

- a. Property acquisition and disposal evaluation process.
- b. Future property management plan.

Results of these decision-making documents will provide Council staff and the Committee with clarity on the status of a property, to better:

- Measure the value of an asset to the organisation and community by way of ensuring Council only owns, maintains and/or manages assets that have strategic relevance, relate to core business or add value in another form i.e. investments.
- Assess an existing property or potential acquisition to better understand alignment with Council strategies.
- Ensure that future purpose properties align with Council's long-term strategies.
- Dispose of assets should they be surplus to requirements.

This approach will ensure Council achieves the best possible return on its investment, regardless of whether this outcome is monetary or another benefit.

## Strategic and Non-Strategic Assets

To assist in the evaluation process, Council properties have been classified into the following two categories – Strategic and Non-Strategic.

The properties that have been designated as “*strategic properties*” (see Section 5 LGA) need to be kept and maintained in a state that is: “fit for purpose”. Renewals must also be funded as they are necessary to achieve the outcomes in the LGA which includes levels of service in the Long Term Plan (LTP).

Section 76AA(3) of the LGA requires Council to list the assets which Council considers to be strategic assets. These are listed in the Significance and Engagement Policy. Our strategic assets are those that are vital for delivering services to Whangārei.

Non-strategic properties are those that do not necessarily classify as having a strategic purpose. If these properties are assessed against and are unsuccessful for organisational and community benefit, they could still be retained and used for a future purpose. A non-strategic property will not necessarily be disposed of as a range of other factors come into play.

A property may move from a strategic to non-strategic classification if the property is no longer required (for instance where infrastructure needs change or developments are completed).

Commercial freehold and ground lease property are classified as non-strategic assets and are generally investments. Likewise, the classification may change over time.



## Disposal of property

In order to have an efficient property portfolio, Council will identify property that is no longer fit for purpose. Council will then sell or dispose these properties in order to achieve Council 's desired outcomes. It is important that when these occasions arise, it is done in a timely, transparent and consistent manner.

Disposal of property will be considered to ensure the property is sold and developed in ways that serve community outcomes. Council will dispose of property when it is surplus to requirements and goes through the Property Disposal Assessment Process.

As part of this assessment, we will consider the following:

1. Strategic relevance
2. Original acquisition/risk i.e. how the land was originally acquired, and any obligations?
3. Allocation of funds
4. Return on investment
5. Future infrastructure or other special purpose

If the Property Disposal Assessment, Significance and Engagement Policy and consultation (undertaken as required), results in a decision to proceed with the sale of the property, a review of market conditions will be undertaken.

This is to ensure that land is sold at the optimum time to most benefit Council and the community, subject to relevant legal requirements. In the case of minor or 'hard to sell' properties, the cost of disposal relative to the ongoing cost of ownership may be a factor.

In accordance with Schedule 7 of the Local Government Act 2002, Council shall retain full authority to make any final decision as to the disposal of any property.

## Acquisition of property

The acquisition of property is an important part of the property portfolio to enable the delivery of Council services. In deciding to purchase land and/or property, Council is deciding to use public money to provide a service or investment now or in the future.

Council will consider becoming involved to act as an enabler for private sector development and/or investment. This may happen if the level of perceived risk would otherwise deter private sector development, or to determine the form, scale and timing of development.

Council will assess property acquisitions by identifying future property requirements to meet service and investment needs. As the property market changes the timing of the acquisition of property needs to be right to ensure the right level of investment is made at the right time for the purpose for which the land is required.

Council should not compete with private developers. However, Council will look to implement opportunities to capture value from the development of its land, including entering into joint ventures or ground leases.

Council can acquire land for a wide variety of purposes and may negotiate for the land in the same way as a private purchaser. Therefore, acquisition will be considered when;

- a property comes onto the market,
- a property owner approaches Council or
- Council identifies property required for future purpose and directly approaches the owner.

Council will acquire property when it has identified a need and goes through the Property Acquisition Assessment Process.

As part of this assessment, we will consider the following:

1. Strategic relevance
2. Suitability
3. Utilisation
4. Provision
5. Cost efficiency
6. Return on investment
7. Future capital cost
8. Holding costs

If this assessment results in a decision to proceed with the acquisition of the property, further information will be sought with the Committee and a recommendation will be made to Council.

In accordance with Schedule 7 of the Local Government Act 2002, Council shall retain full authority to make any final decision as to the acquisition of any property.



## Future purpose and management of property

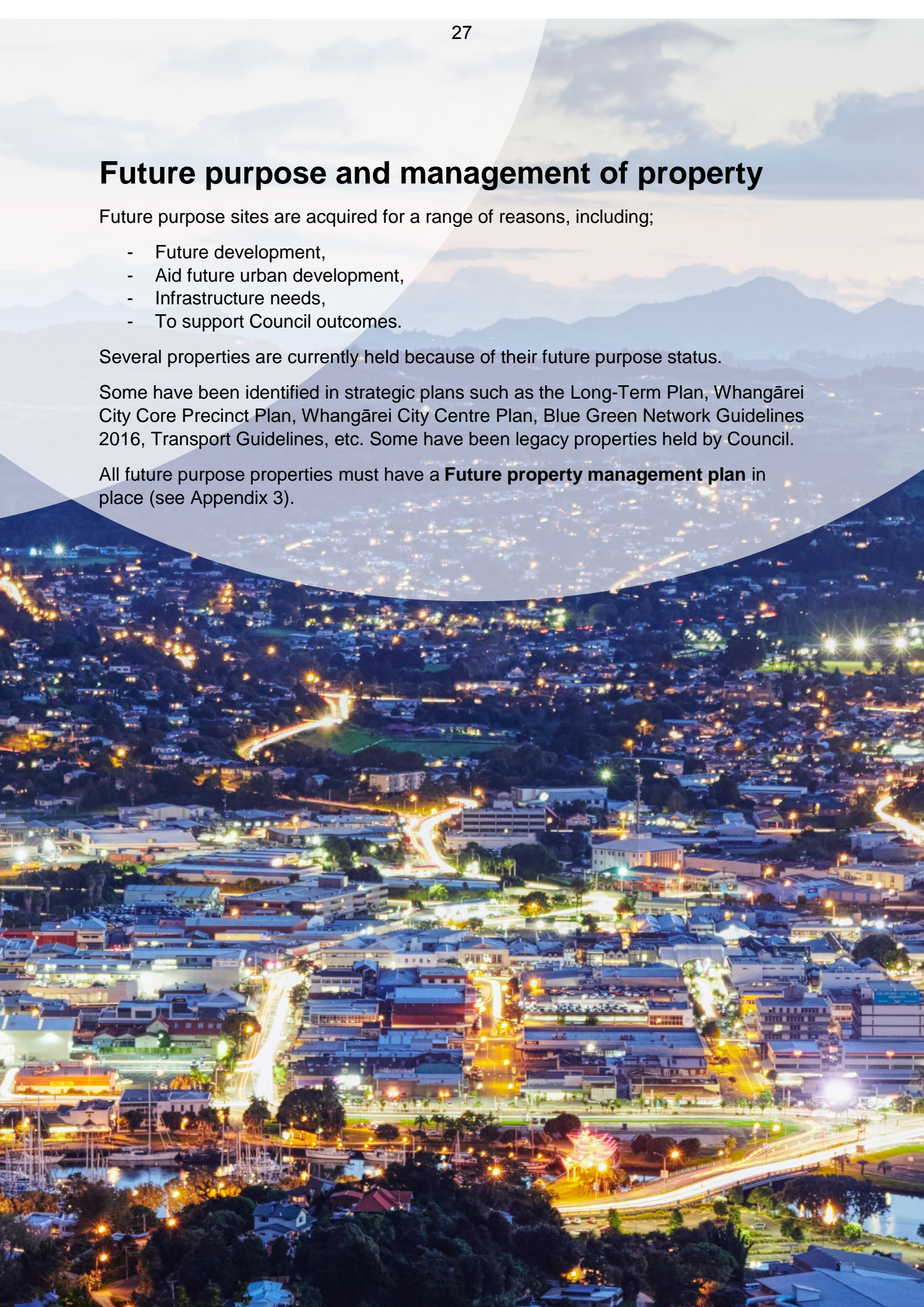
Future purpose sites are acquired for a range of reasons, including;

- Future development,
- Aid future urban development,
- Infrastructure needs,
- To support Council outcomes.

Several properties are currently held because of their future purpose status.

Some have been identified in strategic plans such as the Long-Term Plan, Whangārei City Core Precinct Plan, Whangārei City Centre Plan, Blue Green Network Guidelines 2016, Transport Guidelines, etc. Some have been legacy properties held by Council.

All future purpose properties must have a **Future property management plan** in place (see Appendix 3).





# Property acquisition and disposal assessment process

In order to provide some transparency in verifying the status of a property, it is necessary to follow the below process:

## Step 1 – Property Policy objectives

Understand if the property aligns with the *Property Policy 0078* objectives, specific commercial property site. If YES, move to step 2. If NO, report to District Development Manager and log in the Commercial Property Register.

## Step 2 - Essential Criteria for Land Acquisition or Disposal Scorecard

Assess the property against the *Essential Criteria for Land Acquisition or Disposal Scorecard*.

Properties would FAIL the Essential Criteria for Land Acquisition or Disposal Scorecard if they show:

1. A cumulative score of less than 49%.
2. Any 2 or more criteria ranking as 1 or less.
3. Any 4 or more criteria ranking as 2 or less.

If FAILED, report to District Development Manager and log in the Commercial Property Register. The Committee will review the Commercial Property Register at every meeting.

## Step 3 - Decision Tree - Governance

If PASSED (score of 50% or more) use the *Decision Tree – Governance* to determine if the property should be investigated further.

If Committee decides to NOT pursue further, log in the Commercial Property Register. This register is part of the District Development monthly Council Operational Report as a confidential document.

## Step 1. Property Policy objectives

Property Policy 0078 provides Council with an opportunity to be involved in future sustainable developments in the District. This may include the acquisition and retention of a range of properties that may provide a long-term source of income for Council.

Fundamental to this approach is that Council seeks to achieve a range of objectives in a way that is commercially robust, while accepting that this might compromise financial returns, and considers the following:

- Income stream
- Council's asset base
- Positive economic growth
- Key development objectives
- Public access to recreational amenities
- Community objectives
- Ecosystems
- Cultural heritage
- Development of property amenities/destinations

## Commercial property portfolio

All Council owned properties held as investments, that can provide a commercial return to Council and may include a mix of non-strategic and future purpose sites for future development. These include:

- Ground Lease Portfolio – mainly properties inherited from the Northland Harbour Board after Local Government amalgamation in 1989.
- Commercial Freehold Property – various commercial / light industrial sites in central Whangārei.
- Town Basin – a boutique shopping and casual dining precinct developed by Council with recreational amenity value.
- Central City Carpark – a multi-level parking building in the City Core.
- Parihaka Transmission Mast – the dominant transmission facility in the District.
- Future Purpose – sites acquired for future development or to aid future urban development or infrastructure needs.

Commercial properties generally will not be sold; however, they may be considered for disposal, provided due process is followed.

## Step 2. Essential Criteria for Land Acquisition or Disposal summary

Within the Essential Criteria, there is some weight given to Councils strategic priorities of a property. When measuring this criterion, it is important to note which strategies, policies or plans are in place to help to make that decision.

The Whangārei City Centre Plan and City Core Precinct Plans outline several strategic sites. Council may or may not want to acquire these sites, however, if a change of use occurred on them either privately or publicly, the sites could be a catalyst or barrier for further development or change.

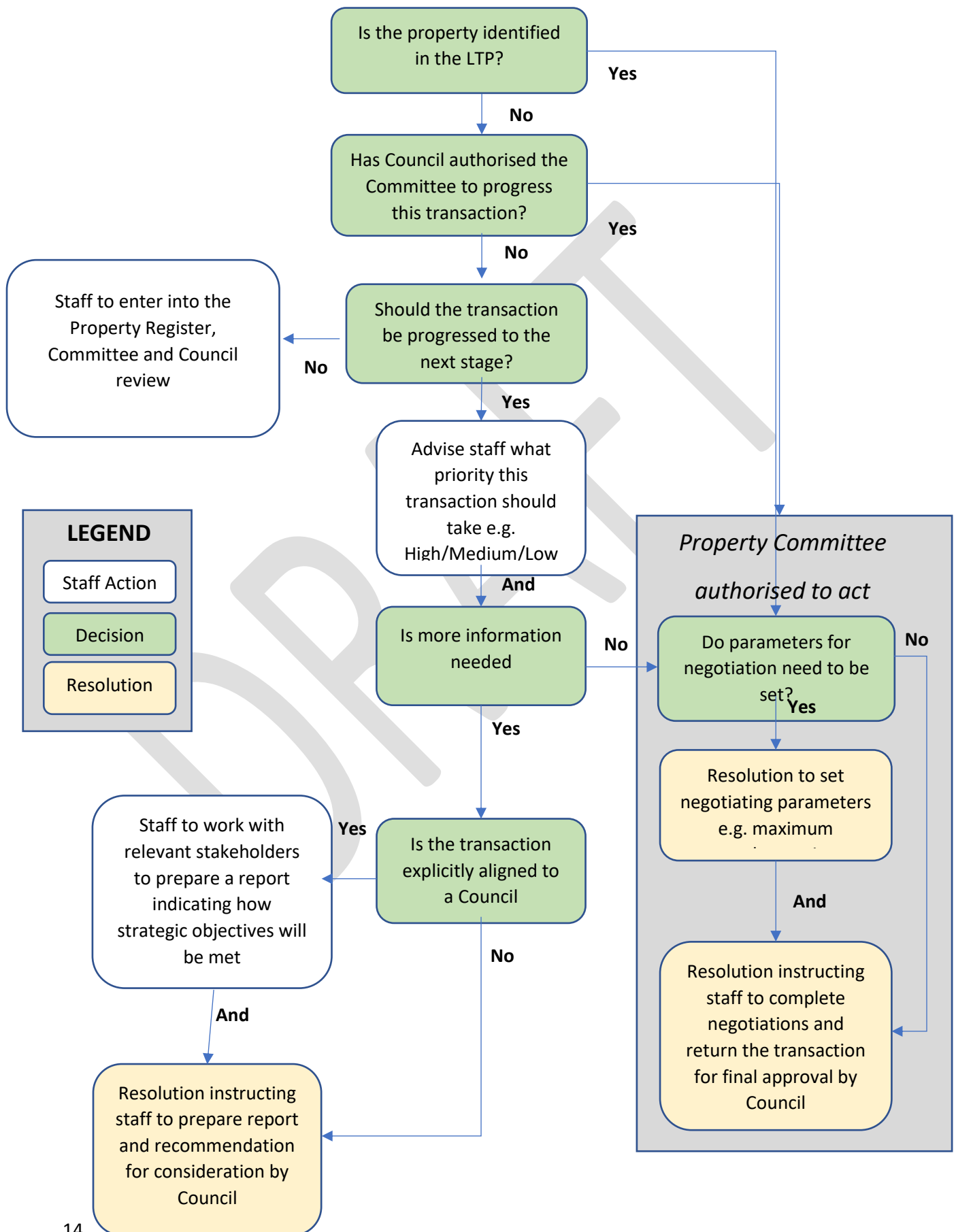
The Essential Criteria for Land Acquisition or Disposal process facilitates a property evaluation against a series of essential criteria. These criteria can be used on strategic and non-strategic assets to assist in determining if a property should be disposed or acquired. Due to the different nature of disposals and acquisitions, we have separated these into different questions and criteria in Appendix 1 and 2.

Photo credit: Diane Stoppard





## Step 3. Decision Tree - Governance



## Appendix 1

### Essential Criteria for Land *Disposal* Scorecard

Criterion	Measures	Score
<p><b>Strategic relevance:</b> Is the function that the property <b>will</b> fulfil identified as a strategic priority for Council, or is the subject of a Council resolution?</p> <p>What plans, policies or strategies does this property give effect to?</p>	<p>10 - The property is required to meet Council's strategic priorities.</p> <p>5 - The property provides the most cost-effective option of several required to achieve Council's strategic priorities.</p> <p>1 - The property is one of several options that could meet Council's strategic priorities.</p>	
<p><b>Original acquisition – risk</b> How was this property originally acquired?</p> <p>Are there any legislative, cultural, reputational or legal risks?</p> <p>What other risks are there around disposing of this property?</p>	<p>5 - The risk of selling is negligible.</p> <p>4 - The risk of selling is low.</p> <p>3 - The risk of selling is moderate.</p> <p>2 - The risk of selling is high.</p> <p>1 - The risk of selling is extreme.</p>	
<p><b>Allocation of funds</b> Are the funds from the disposal required for other work?</p> <p>For example: An alternative commercial investment site has been identified, or PRR Funds needed for future purchases.</p>	<p>5 – Cash is required to purchase an alternative site with greater investment returns and/or to increase PRR balance for future investment acquisitions or is required for internal borrowing for infrastructure/special projects.</p> <p>3 – Cash is required to increase PRR funds for future investment acquisitions or is required for future internal borrowing for infrastructure/special projects.</p> <p>1 – Cash is not required to purchase an alternative site with greater investment returns and/or to increase PRR balance for future investment acquisitions or is required for internal borrowing for infrastructure/special projects.</p>	

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<b>Return on investment:</b> Does the function achieve a good return on investment in terms of economic return or strategic outcomes?	1 - The financial return from the property is equal to or exceeds a fair market return. Or it delivers expected returns in line with Council policies.  2- The financial return from the property is between 90% and 100% of a fair market return or expected returns in line with Council policies.  3 - The financial return from the property is between 75% and 90% of a fair market return or expected returns in line with Council policies.  4 - The financial return from the property is between 50% and 75% of a fair market return or expected returns in line with Council policies.  5 - The financial return from the property is less than 50% of a fair market return or expected returns in line with Council policies.	
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<b>Future infrastructure or other special purpose</b>  Is the property aligned with future Council infrastructure projects? <ul style="list-style-type: none"> <li>• Blue Green network</li> <li>• Roading Infrastructure upgrades</li> <li>• Recreational parks expansion or additional sites</li> </ul>	5 – The property does not form part of an existing or future project.  4 – The property is not adjacent to an existing or planned future project.  3 – The property may be considered part of a future infrastructure project.  2 – The property is adjacent to an existing or planned future project.  1 – The property forms part of an existing or planned future project.	
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**Total:**

**Percentage:**

## Appendix 2 - Essential Criteria for Land Acquisition Scorecard

Criterion	Measures/Score	Score
<b>Strategic relevance:</b> Is the function that the property <b>will</b> fulfil identified as a strategic priority for Council, or is the subject of a Council resolution? What plans, policies or strategies does this property give effect to?	10 - The property is required to meet Council's strategic priorities.  5 - The property provides the most cost-effective option of several required to achieve Council's strategic priorities.  1 - The property is one of several options that could meet Council's strategic priorities.	
<b>Suitability:</b> Does the property have sufficient size to accommodate the intended use? Or facilitate growth as required?	5 - The site and improvements are large enough and have sufficient additional land to accommodate intended use.  4 - The site and improvements are large enough for the current purpose.  3 - The site and/or the improvements are too small, but this can be readily accommodated by improvements costing less than 20% of CV or acquiring adjacent land.  2 - The site and/or the improvements are too large i.e. >20%.	
<b>Utilisation:</b> Is the property well-utilised for its intended purpose?  Utilisation in this regard means the property is either (a) well utilised in terms of physical space, or (b) the property attracts high-use levels.	5 - At least 95% of floor area and 85% of the land area are effectively utilised for the purpose. Or the property exhibits a very high use ratio for its intended purpose.  4 - At least 85% of floor area and land area are effectively utilised for the purpose. Or the property has a high use ratio for its intended purpose.	

	<p>3 - At least 70% of floor area and land area are effectively utilised for the purpose. Or the property has a reasonable use ratio for its intended purpose.</p> <p>2 - At least 50% of floor area and land area are effectively utilised for the purpose. Or the property has a low-use ratio for its intended purpose.</p> <p>1 - Less than 50% of the floor area or land area are effectively utilised for the purpose. Or the property is infrequently used in terms of its intended purpose.</p> <p><i>Note: the percentage utilisation estimated can include an allowance for future growth.</i></p>	
<b>Provision:</b> Is the property/service already provided elsewhere locally by Council or another provider?	<p>5 - The service fulfils local need and there is no other provision locally.</p> <p>3 - The service/property will need to be provided temporarily but may be provided by another property longer term.</p> <p>1 - The service/property is already provided locally or can be provided locally.</p>	
<b>Cost efficiency:</b> Can the function be provided in a more cost-effective manner, and is it practical to do so?	<p>5 - No, the function cannot be practically provided in a more cost-effective manner.</p> <p>3 - It may be possible to practically provide the function in a more cost-effective manner.</p> <p>1 - Yes, the function can be practically provided in a more cost-effective manner.</p>	
<b>Return on investment:</b> Does the function achieve a good return on investment in terms of economic return or strategic outcomes?	<p>5 - The financial return from the property is equal to or exceeds a fair market return. Or it delivers expected returns in line with Council policies.</p> <p>4 - The financial return from the property is between 90% and 100% of a fair market return or expected returns in line with Council policies.</p> <p>3 - The financial return from the property is between 75% and 90% of a fair market return or expected returns in line with Council policies.</p> <p>2 - The financial return from the property is between 50% and 75% of a fair market return or expected returns in line with Council policies.</p> <p>1 - The financial return from the property is less than 50% of a fair market return or expected returns in line with Council policies.</p>	

<b>Future capital costs:</b>  Are there capital costs required to maintain the property in a state fit for purpose?	5 - IEA greater than 67% of NBS; or capital costs are <6% of CV over the next ten years.  4 - IEA greater than 34% of NBS; or capital costs are between 6-10% of CV over the next ten years.  3 - Seismic strengthening to 67% of NBS, is less than 20% of CV; or capital costs are 16-20% of CV over the next ten years.  2 - Seismic strengthening to 34% of NBS, is less than 30% or CV; or capital costs are >20% of CV over the next ten years.	
<b>Holding costs</b>	5 – Revenue streams in place exceed holding over costs before capital investment  4 – Revenue streams in place meet holding over costs before capital investment  3- Revenue stream not in place but has potential to meet holding over costs  2 – Revenue streams not in place and not enough potential to meet holding over costs.  1 – No revenue potential to meet holding costs without capital investment	

**Total:**

**Percentage:**

IEA – Initial Earthquake Assessment, NBS – New Building Standard, CV – Capital Value

## Appendix 3

### Future Property Management Plan for:

**Address of site here- Whangārei**

Date	
Future property name	
Department	
Created by	
Review date	<i>Updated date in here if applicable</i>
Project Manager	
Project Sponsor	
<b>Background</b>	<i>Outline the property background – what has happened in the past, what the current situation is, what the objectives of the property are</i>
Scope of property	<i>Desired outcomes</i>
Estimated value	
Budget	
Capital investment	<i>Future or current funds required</i>
Specification	
Associated documents	<i>i.e. Hazardous Activities and Industries List (HAIL) report, site map, photo</i>
Purchase Method	<i>What method will be used i.e. tender, auction, set date of sale</i>
Evaluation Criteria	<i>Show criteria and total score based off the Essential Criteria for Land Acquisition or Disposal Scorecard. Add any other comments or recommendations</i>
Risks	<i>Outline the potential risks and how they will be managed</i>
Risk Category	Negligible / Low / Moderate / High / Extreme (strike out those not applicable) <i>Explain why</i>

Health and Safety	<i>Detail what level of health and risk is involved and outline an appropriate plan if applicable</i>	
Proposed timeline	Council resolution	
	Purchase agreement	
	Signed	
	Unconditional	
Project team members		

Specialist assistance	<i>List staff name, their expertise and when in the process they will be used</i>
Conflicts of Interest	<i>Included below - please attach completed Conflict of Interest form for each project member and outline how potential conflicts will be handled</i>
Evaluation method	<i>How, by whom and when.</i> <i>Weighted attributes as analysed and agreed by project team</i>
Compliance with Property Policy 0078	<a href="#">Property Policy 0078</a> Confirmed – Declined – <i>delete one</i>

### ***Authorisation to proceed***

Department Manager	
Name	
Title	
Signature	
Date	
Group Manager	
Name	
Title	
Signature	
Date	



## Appendix 4

### Commercial Property Register (Sample)

Property Sales & Purchases Register										
Financial Year	Property address	Vendor/Purchaser	Purchase/Sale	Department	Comm Freehold/Residential/Land only/Lessees Interest/Other	Guideline Criteria Score	Complete/Unconditional	Date of Resolution	Settlement Date	GST
2020/21	123 Smith Road	Silver Properties Ltd	sale	District Dev	Commercial Freehold	81%		30-Feb 2020	TBC	Zero rated
2020/21	17 ABC Street	Covey Construction	sale	District Dev	Lessor's interest	73%	✓	1-Apr-20	24-May-20	Zero rated



## RESOLUTION TO EXCLUDE THE PUBLIC

### Move/Second

That the public be excluded from the following parts of proceedings of this meeting.

The general subject of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter, and the specific grounds under Section 48(1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:

General subject of each matter to be considered		Reason for passing this resolution in relation to each matter	Ground(s) under Section 48(1) for passing this resolution
1.1	Confidential Minutes Commercial Property Committee 23 June 2021	Good reason to withhold information exists under Section 7 Local Government Official Information and Meetings Act 1987	Section 48(1)(a)
1.2	Property matter		

This resolution is made in reliance on Section 48(1)(a) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by Section 6 or Section 7 of that Act which would be prejudiced by the holding of the whole or the relevant part of the proceedings of the meeting in public, are as follows:

Item	Grounds	Section
1.1	For the reasons as stated in the open minutes	
1.2	To enable Council to carry on without prejudice or disadvantage commercial activities.	Section 7(2)(h)
1.3	To enable Council to carry on without prejudice or disadvantage negotiations (including commercial and industrial negotiations)	Section 7(2)(i)

### Resolution to allow members of the public to remain

If the council/committee wishes members of the public to remain during discussion of confidential items the following additional recommendation will need to be passed:

#### Move/Second

"That \_\_\_\_\_ be permitted to remain at this meeting, after the public has been excluded, because of his/her/their knowledge of Item \_\_\_\_\_.

This knowledge, which will be of assistance in relation to the matter to be discussed, is relevant to that matter because \_\_\_\_\_.

*Note: Every resolution to exclude the public shall be put at a time when the meeting is open to the public.*