

Please find below an update to my previous paper to Trustees dated 12.12.2021

I recently met with SWDC's Facilities Officer; Bryce Neems who has been tasked with responding to my draft proposal concerning the community lands matters.

Mr Neems advised that in principle, SWDC would be interested in leasing the playing fields at 123 East St and being involved in leasing & developing the No. 2 bowling green at the Bowling Club while assuming the ongoing associated costs of grounds maintenance etc. The proviso being that SWDC would not agree to the proposed Greytown Sports & Leisure funding underwrite aspect of the proposal. Cobblestones as an option had little appeal to SWDC given the site is effectively fully utilised by the existing Lessee.

I advised Mr Neems that, for now, we would continue to explore our options in terms of greater community utilisation of the sites but appreciated his approach.

My last update provided some potential alternatives to the draft proposal provided to SWDC and I understand that these were discussed at the board meeting on 15.12.21

With the above advice from SWDC in mind, I suggest the following be considered as options to move forward.

#### **1. Cobblestones Museum Trust**

- GDTLT write up a new non-assignable ground lease – net \$1pa, perpetual tenure.
- Tenure to be contingent on the existing use (historic/cultural/educational) remaining as per current, in the event the existing use ceases, lease will terminate.
- Naming – GDTLT to have naming rights – as a suggestion, the site to become known as:

#### ***Greytown District Trust Lands Trust Historic Precinct***

With highly visible signage facing SH2 both directions, on that part of the site owned by GDTLT

- Given the proposed nominal rental and perpetual tenure, from a valuation perspective, the commercial value of the site will effectively become zero until such time the lease is terminated.
- The proposed arrangement can be affected within a short timeframe, once approved by Trustees. This could align nicely with Trust's 150<sup>th</sup> anniversary celebrations.

#### **2. Greytown Bowling Club**

- Effect the subdivision, carving off No. 2 Green.
- Write new non-assignable ground lease with GBC, net \$1pa, perpetual. Tenure to be contingent on existing use remaining as per current. (Lawn Bowls & associated Bowling Club activities). GDTLT will incur legal & subdivision fees.
- Trustees to decide ultimate use of space – community or otherwise, however subdivision can progress prior to any agreement as to final use.
- Engage with SWDC & Greytown Community as to the ultimate best use of site. SWDC have indicated in principle a willingness to take on a perpetual lease over green No. 2 and develop a community focused greenspace facility. Lease terms would be as per 123 East Street.
- In the event Trustees elect to retain the No. 2 green for community use, given the nominal rental and tenure, from a valuation perspective, the commercial value of the site will effectively become zero until such time the lease(s) is (are) terminated.
- Alternatively, Trustees could opt for sale to a developer.

### **3. Greytown Rugby Football Club**

My previous update suggested a trial period as an option. In hindsight, a trial period does little other than to continue the delay in reaching a permanent solution. It is fair to state that all parties have struggled with the existing arrangements for some years and the desire to move forward is clear.

SWDC have indicated a willingness to assume a perpetual lease over the playing fields, taking on the ground and infrastructure costs etc. Therefore, I propose my original draft solution involving SWDC be pursued, albeit without the Greytown Sports & Leisure underwrite. Co-ordination of the shared playing fields to be undertaken by SWDC as they currently do in both Featherston & Greytown (they may in fact look to engage GS&L, but this is not a given).

Given the nominal rental and tenure, from a valuation perspective, the commercial value of the site will effectively become zero until such time the proposed lease(s) is (are) terminated.

### **4. Royal NZ Plunket Trust**

Since my last update, Helga has had constructive dialogue with Plunket. Plunket are open to exiting the site provided suitable alternative arrangements can be secured.

- St Johns have indicated they are looking to exit all sites in the region, including 123 East St where they occupy via an arrangement with GRFC. I suggest this site as an option for Plunket, the Toy Library & the Playgroup. Alternatively, the space currently used by the gym could potentially be used under an arrangement with GRFC.
- In the event terms are reached with Plunket, I suggest site is cleared and either retained for community recreation space or it is sold. Trustees to decide and this too could be done via community consultation.
- The commercial valuation impact will depend on the direction taken by Trustees.

### **Valuation Impact**

Trustees need to be comfortable with the fact that if the community lands are to be used for recreational/community activity, at what will be effectively nil cost, those lands will be valued at or near to zero commercial value, over the course of time the new perpetual leases remain in effect.

The basis upon which the community lands currently attract a commercial value is due to the existing commercial leases in place that provide for a rental to be paid. That rental stream is however effectively funded by non-binding arrangements whereby GDTLT covers the lessee's rental commitments to itself by way of grants.

As previously noted, while the suggestions outlined in this paper adversely impacts the existing commercial valuations, they will however have a corresponding positive impact on the community value by way of opening up these sites more fully for broader local community use.

Further discussion around the community lands valuation is contained in our external valuer's expert opinion and my briefing note to same.

**Paul Broughton**

Technical Property Advisor