

PROPOSED POLICY FOR THE FREEHOLDING OF LEASEHOLD LAND

July 2017



1 INTRODUCTION

The Whakatāne District Council (the Council) holds the lessor's interest in 131 perpetually renewable leasehold properties located within the Whakatāne town centre. The majority of these properties are harbour endowment land derived from harbour/river bed reclamation.

This policy has been developed in order to provide a process by which the freeholding of individual leases can be considered, on a case-by-case basis.

The policy aims to ensure sound investment decisions are made by Council, while enabling the realisation of economic development, social and cultural goals within the Whakatāne Town Centre.

There is no automatic right of freeholding of leases.

2 THE POLICY

The freeholding of Council's commercial and industrial leases is generally prohibited.

In special circumstances, the Council will consider freeholding on a case-by-case basis, if the lessee can demonstrate a compelling case that freeholding will significantly advance the following criteria:

- The principles and themes of the Whakatāne Town Vision Plan;
- The economic development of the Whakatāne Town Centre;
- The environmental, social and cultural benefits of the Whakatāne Town Centre; and
- Any other criteria the Council deems relevant.

3 THE PROCESS

- a. There is no automatic right of freeholding of leases; however the Council will consider freeholding on a case-by-case basis, upon written application by the lessee.
- b. The decision on whether or not it would be prudent for the Council to freehold a specific property shall be made by the full Council. The decision will be based on the criteria set out in section 2, and any other information the Council deems relevant.
- c. Where the Council's decision is to permit freeholding of a specific property, the freeholding will be subject to the imposition of conditions on the lessee/purchaser and/or covenants on the land, to ensure that the required objectives and outcomes are, as far as possible, achieved in practice.
- d. The freeholding shall in all cases proceed at a price that is 100% of the current market value of the land, or the lessor's interest value, whichever is the greater, unless otherwise agreed. The valuation shall be commissioned by the Council.
- e. The applicant lessee will pay all the Council's reasonable costs in the matter, including legal fees and the cost of the valuation, unless otherwise agreed.

- f. Where the land is endowment land, the sale proceeds will be immediately credited to the endowment fund.

4 MONITORING AND REVIEW

The Chief Executive will monitor the implementation of this policy.

The policy will be reviewed every three years, or in response to changed statutory requirements, or in response to any issues that may arise.

5 POLICY FLOWCHART

