

**LEASE POLICY FOR THE CREATION OF NEW LEASES
AND EXTENSION REQUESTS PRIOR TO EXPIRY - PROPERTY**

Lease Policy for the Creation of New Leases and Extension Requests Prior to Expiry - Property	
Approved by:	Christchurch City Council
Date approved:	10 December 2015
Policy Owner	Property Consultancy

SECTION 1 - INTRODUCTION

Context	<p>To ensure that Christchurch City Council, as a territorial authority, complies appropriately with its obligations to rate payers and the public as defined under the Local Government Act 2002.</p> <p>The Council recognises that the leasing of Council facilities needs to be completed in a manner that is consistent with the principles of the legislation and the behaviours expected to prudently manage public property.</p>
Purpose	<p>The purpose of this Policy is to:</p> <ul style="list-style-type: none"> • Formalise and describe Christchurch City Council's Lease Policy related to the creation of new leases and extension requests prior to a lease expiry; • Ensure Christchurch City Council complies with necessary Local Government Legislation; and • Standardise the approach to creating new leases and requests for lease extensions prior to expiry of the lease at Christchurch City Council. By communicating: <ul style="list-style-type: none"> ○ How Christchurch City Council will approach the leasing of council owned property and consider and implement lease extension requests. ○ The roles, responsibilities and accountabilities that apply to such lease transactions; and ○ Delegated authorities.
Scope	<p>This document applies to staff, contractors and consultants for all transactions relating to and enforcing leases for and on behalf of Christchurch City Council.</p> <p>The policy provides a Council standard that can only be exceeded in limited / exceptional circumstances and only with the prior approval of the Council.</p> <p>All staff must adhere to the policy, irrespective of the type of lease and mechanism used to facilitate the request e.g. extension, surrender and new lease or renewal.</p>

SECTION 2 – POLICY

Policy	
2.1	General
	<p>This is an operational lease policy that states the principles of Christchurch City Council in relation to:</p> <ul style="list-style-type: none"> a. Informing Christchurch City Council staff, those acting on behalf of Christchurch City Council, of the behaviours and principles required when dealing with creating new leases and requests for extensions. b. Encouraging common understanding and consistent management practice across the Council organisation. c. Ensuring legislative compliance. d. Promoting transparency, fairness, equanimity. e. Ensuring public assets are not monopolised and that their availability is managed in terms of the principles above (d). f. Ensuring there are no expectations that once a lease is granted to a tenant that there are no rights conveyed beyond the term of the lease. i.e. the contract terms and conditions are just that and there are no other rights conveyed outside of those. g. Ensuring alignment of management practices with the lease contract terms and conditions. h. Providing a framework for common understanding and clear expectations of Council's lease management practices for tenants and the public.
2.2	Creating a Lease
	<ul style="list-style-type: none"> a. Where the Council recognises there is only one logical lessee for a public property, the Council will unilaterally deal with that lessee. Potential Lessees will include for example, facilities linked to contracts including but not limited to; <ul style="list-style-type: none"> ○ Not for profit organisations ○ Buildings on parks and reserves ○ Community Buildings ○ Play centres ○ Kindergartens ○ Plunket rooms ○ Most Sports clubs ○ Structures on streets ○ Cell Sites ○ "Family" Council arrangements b. However, when seeking to lease premises where there is an obvious and potentially broader market and public interest, the Council shall not deal unilaterally, but shall seek tenants through an open transparent and public process e.g. by tender, by request for proposal or by using a sound public advertised marketing process to attract tenants.

2.3	Management of Leases
	<p>The Council shall manage leases in strict accordance with the terms and conditions of the lease unless they expressly resolve otherwise. In particular, the term stated in the lease shall be the precise term of the lease.</p> <p>There are no additional rights or preferences conferred to an incumbent lessee beyond those existing in the current lease. The rights to the premises terminate with the lease.</p> <p>At the end of a lease the Council shall procure a new tenant utilising the principles set out in 2.2 b. above.</p>
2.4	Renewal / Expiry of Property Lease
	<p>At the expiry of an existing lease, should the leased premises still be available for leasing, the re-leasing shall be managed in accordance with section 2.2 of this policy.</p> <p>The Council shall not at any stage surrender and grant new leases for a longer term or vary existing leases by adding additional term(s) prior to the expiry of a lease except under the circumstances set out under 2.5 below.</p>
2.5	Lease Extension Requests
	<p>The Council will consider requests for lease extensions prior to expiry of a lease to facilitate the sale of a business, so long as:</p> <ul style="list-style-type: none"> • The request is no more than three years before the lease expiry. • The lessee contacts the Council before commencing to sell the business and agrees a sale process that meets the principles of 2.2 b. above. • The lessee accepts that the Council's standard tenant vetting criteria is relevant and to be used as a deciding factor in granting a lease extension and assignment. <p>The Council will also at its sole discretion consider additional lease terms at the tenants request to facilitate additional investment in a business, so long as:</p> <ul style="list-style-type: none"> • There is mutual benefit • It is reasonable and warranted.