

TWENTYTWO

Waitaki
District
Council

PROPERTY
STRATEGY

May 2023

Introduction

OVERVIEW

The Waitaki District Council (WDC) has an extensive and diverse property portfolio, including community housing, historic buildings, an airport and a harbour area.

The Council is currently working through an organisational transformation programme where all parts of the business operations are being critically examined.

Our engagement and discovery process has revealed that the Council's property portfolio is unsustainable from a financial perspective and many of the properties do not contribute positively to the objectives of the Council.

WDC now wants to take a fresh look at its property portfolio to identify which properties it requires in the future to deliver services, which properties support strategic outcomes for its communities and which properties are held as they deliver an appropriate financial return.

PURPOSE

The purpose of this Property Strategy is to sort the range of property assets into Operational, Strategic, Commercial and Surplus categories and then to develop a strategy to rationalise and enhance the property portfolio to ensure it will support future Council ambitions. This Property Strategy document summarises the outcomes and recommendations of the work undertaken by TwentyTwo with WDC during 2022 and 2023.

STRUCTURE OF PROPERTY STRATEGY

This Property Strategy is structured into the following four sections.

SECTION 1 - PROPERTY PLANNING CONTEXT

Summary of the Council's aspirations for the Waitaki District communities into a series of Strategic Themes the future property portfolio needs to support.

SECTION 2 - CURRENT PROPERTY PORTFOLIO

Summary of the current property portfolio to establish a baseline for future property planning.

SECTION 3 - STRATEGIC FRAMEWORK

Development of the 'Sorting Principles' which allow the portfolio to be sorted into Operational, Strategic, Commercial and Surplus categories.

SECTION 4 - PROPERTY PLANNING STRATEGY

Sorting the property assets into the four categories and the recommendations to re-align the Council property portfolio.

SECTION 5 - IMPLEMENTATION ROADMAP

Recommendations to transition the Property Strategy into a fully implementable action plan.

SECTION 1

Property Planning Context

Council Strategic Initiatives

Waitaki District Council has a number of strategic initiatives underway alongside its regular Long Term Plan and Annual Plan processes. This section of the Property Strategy summarises these initiatives and identifies the key areas where property decisions can support Council's aspirations. Our full analysis of Council Initiatives is included in **Appendix 1**.

SUMMARY OF COUNCIL STRATEGIC INITIATIVES

A number of strategic initiatives have been completed or are underway to create more tangible plans around how Waitaki District Council will deliver its future aspirations.

- Economic Development Strategy (completed)
- Housing Strategy (completed)
- Organisational Transformation Strategy (underway)
- Environmental Strategy (starting)
- Health and Wellbeing Strategy (starting)
- Culture and Arts Strategy (starting)

This section summarises the key insights from these strategic initiatives as they relate to the property strategy. A more detailed description of the Council's strategic initiatives is outlined in **Appendix 1**.



Council Strategic Initiatives

ECONOMIC DEVELOPMENT STRATEGY

Waitaki District Council engaged Polis Consulting Group to help set a path to grow the District's economy sustainably and inclusively.

Polis estimate the economic development opportunity for the District, should the Economic Development Strategy (EDS) be fully implemented to be GDP increase of \$70-\$145m and an additional 1350 jobs by 2032 across all sectors. This is a direct additional growth of 8%.

Polis identified five Pou (Pillars) as focus areas for economic development for the District:

- Land and Water
- Place
- Business
- People
- Visitors

These pillars identify the opportunities available to maximise the District's economy and provide important insights about how the Council's property portfolio can be leveraged to support economic growth.



Council Strategic Initiatives

HOUSING STRATEGY

Waitaki District Council worked with the Waitaki Housing Taskforce (WHT) to develop a housing strategy for the district. The WHT incorporated social and cultural well-being factors and the desired community outcome for stronger communities, to establish a vision of ***“Healthy, affordable, appropriate homes for all with access to services in vibrant, resilient communities”***.

The key objective of the Housing Strategy is to ensure a variety of housing types, sizes, and tenures are available across the District, including housing that meets the community's diverse social and economic needs.



ORGANISATIONAL TRANSFORMATION

The Council is working in collaboration with Maven to determine how the Council can achieve more for the community. This engagement resulted in acknowledgement that the Council needs to adapt to a new working structure to meet the community's changing needs and expectations.

The key relevance of the Transformation Project for the Property Strategy is the impact it will have on future property requirements and the way people and groups will work together in new ways to achieve the change required.

The physical environment the Council teams work in can be a key enabler of organisational change.



Council Strategic Initiatives

CULTURAL ENGAGEMENT STRATEGY

The Council has initiated work on the Cultural Engagement Strategy. This is intended to update the 2012 Memorandum of Understanding between Te Runanga o Mōeraki and the guiding principles of the relationship.

The core focus of this strategy is to develop a partnership built on mutual respect, trust, integrity and open communication while actively engaging both parties. These foci will be important principles when considering realignment of of the Council's property portfolio.

An important part of this partnership will be to work together to realise joint objectives for the Waitaki communities. The Council property portfolio may provide opportunities to enable these joint objectives.

AIRPORT STRATEGY

Council is currently developing an Airport Strategy. Once completed outputs from this Strategy will need to be integrated into the overarching context set by the Property Strategy.

OTHER STRATEGIES

The Council has initiated work on the following strategies:

- Health and Well-being Strategy
- Culture and Arts Strategy
- Environmental Strategy

Once they are completed the themes of these strategies will need to be integrated into property delivery and the Property Strategy adjusted as appropriate.

Council Operational Plans

ŌAMARU HARBOUR PLAN

In 2020 the Council developed the Ōamaru Harbour Plan 2020 and Beyond. This sets the ambitious vision of creating ***“The best little Harbour in New Zealand”***.

The key objective of the Harbour Plan is to create a unique experience by improving the harbour’s vitality and sympathy with the town while protecting the natural features and wildlife. This aligns with the Economic Development Strategy’s focus on the sustainable and inclusive growth of land, place, and visitors.



DESTINATION MANAGEMENT

The Destination Management Development Plan (DMDP) coordinates all aspects of a visitor’s experience in the District, including the environment, residents, business and industry, and Iwi. The purpose of it is to create a sustainable and resilient tourism ecosystem that benefits the community while managing the impacts of tourism.

The DMDP was developed by Tourism Waitaki in collaboration with Te Rūnanga o Moeraki and was informed by mana whenua’s values. The success outcomes align with the four community outcomes and reflect the pou from the Economic Development Strategy.



Community
Tiaki Hapori



Visitor
Tiaki Manuhiri



Environment
Tiaki Taiao



Economy
Tiaki Ōhanga

Council Operational Plans

ŌAMARU BLUE PENGUIN COLONY

The Blue Penguin Colony is owned by Tourism Waitaki and may become an independent Council Controlled Organisation (CCO) if Tourism Waitaki is dissolved. Enhancing the Blue Penguin Colony experience was one of the priority projects, identified in the Destination Management Development Plan as it is a leading wildlife attraction in New Zealand.

The Economic Development Strategy recommend putting the Penguin Colony on its own economic footing.



WAITAKI WHITESTONE GEOPARK STRATEGIC PLAN

The newly acknowledged Waitaki Whitestone Geopark is a defined area in the District with geological significance that advances the protection and use of geological heritage in a sustainable way.

It is intended to promote the social and economic well-being of residents and to attract visitors to the District. It is expected the development of the Geopark as an attraction will require some property footprint for amenities to support the visitor experience and for visitors to remain in the District overnight.



Council Operational Plans

ŌAMARU WHITESTONE CIVIC TRUST

Ōamaru Whitestone Civic Trust is an independent organisation focused on the preservation, enhancement, renovation and appropriate redevelopment of the Victorian Precinct, the town of Ōamaru, and North Otago countryside.

By strengthening the partnership between Ōamaru Whitestone Civic Trust and Council, the preservation and enhancement of the district's Victorian character can be amplified, improving the urban vibrancy of the area.



COUNCIL CONTROLLED ORGANISATIONS.

The Council has four Council Controlled Organisations (CCOs):

- Tourism Waitaki Limited (currently includes the Ōamaru Penguin Colony operation)
- Whitestone Contracting Limited
- Waitaki District Health Services Limited
- Ōmārama Airfield Limited (Joint Venture)

The property owned by these organisations does not appear in the Council's current property register and is not covered by the Property Strategy. However, both the Ōamaru Blue Penguin Colony and Waitaki District Health Services Limited are tenants of Council owned property.

In the future the Property Strategy rationale and principles can be applied to their property assets.



Waitaki Health



Strategic Themes

COUNCIL'S STRATEGIC THEMES

The following Strategic Themes summarise the key Council ambitions that need to be supported by the a current or future portfolio of property assets. These Strategic Themes form the basis of what the property portfolio needs to support for the Council and are developed further in Section 3 - Strategic Planning Framework.

ECONOMIC DEVELOPMENT THEMES

PRIMARY SECTOR

Support the primary sector to be productive and sustainable

VISITORS

Attract more visitors to the District and encourage them to stay overnight and increase their spending

NEW BUSINESSES AND RESIDENTIAL TENANTS

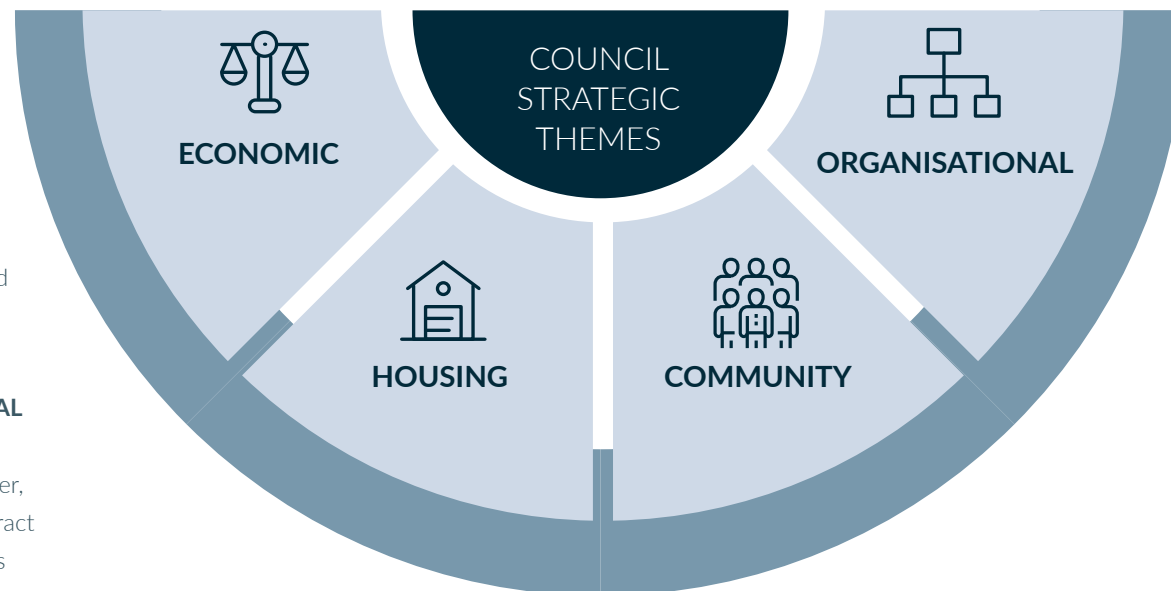
Develop thriving CBD, Heritage Quarter, Harbour area and Town Centres to attract new businesses and residential tenants

BUSINESS GROWTH

Enhance business productivity and growth, predominantly in the manufacturing, services and tourism sectors, to increase the number of skilled jobs available

EMPLOYMENT

Increase the skill base available for employers in the district, particularly from Māori, Pasifika and youth



HOUSING THEME

HOUSING

Support the creation of more healthy, affordable homes with access to services in vibrant, resilient communities

COMMUNITY THEMES

CULTURE AND HERITAGE

Support a strong relationship between the Council and community based on trust, understanding and shared aspirations.

ENVIRONMENT

Protect the District's diverse landscape and water bodies and meet environmental and climate change challenges

COMMUNITY

Celebrating the District's cultural identity in safe and connected communities with a focus on community wellbeing.

ORGANISATIONAL THEMES

ORGANISATIONAL TRANSFORMATION

Become a leading, innovative Council delivering the best for the District's communities in the most effective way

FINANCIAL SUSTAINABILITY

Living within Council means, while meeting increased community demands

SECTION 2

Current Property Portfolio

Portfolio Overview

INTRODUCTION

This section of the Property Strategy summarises the Council's current property portfolio and outlines the value of assets and costs to Council under the current operating model. More detailed information about the individual portfolios is included in **Appendix 2**.

PORTFOLIO DESCRIPTION

The Council has a large and diverse property portfolio of 410 sites with a book value of \$137 million (excluding water and roading infrastructure and paper roads) as of 30 June 2020. The agreed scope of this Property Strategy excludes water, roading and parks and reserve assets. The in-scope portfolio consists of 160 sites with a book value of \$98 million. During Stage 1 of this project we reclassified the current portfolio based on the functional use of the assets. Under the reclassification the portfolio is made up of the following:

- **Community Housing** which provides Council subsidised residential accommodation, mainly for the aged community
- **Commercial Properties** which the Council receives rent from
- **Community Facilities** which consist of cultural facilities and Council owned community halls
- **Council Operational Facilities** which include administrative office facilities, Council chambers, yards and storage facilities and service centres
- **Land** which is made up of endowment, fee simple and reserve parcels
- **Ōamaru Airport** which includes land used for farming, runways and other aeronautical infrastructure
- **Ōamaru Harbour** infrastructure and surrounding land

TWENTYTWO

The infographics below and on the following pages provide a high level snapshot of the key metrics for the Council's in-scope property portfolio.

Property Portfolio Summary



410 sites



\$137M book value

In-scope Property Portfolio



160 sites



\$98M book value

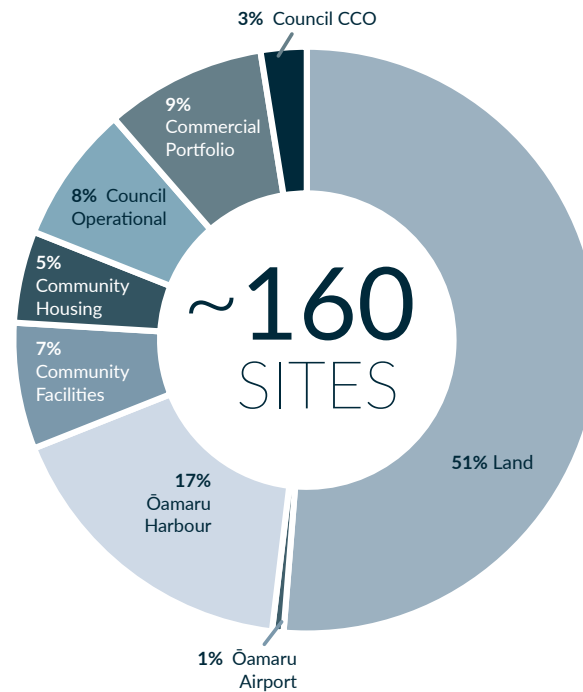


-\$3.8M Nominal Net
Operating Position FY2022
(excluding land)



\$14.5M Forecast capital
expenditure identified in
the 2021-2031 LTP

Portfolio Snapshot In Scope



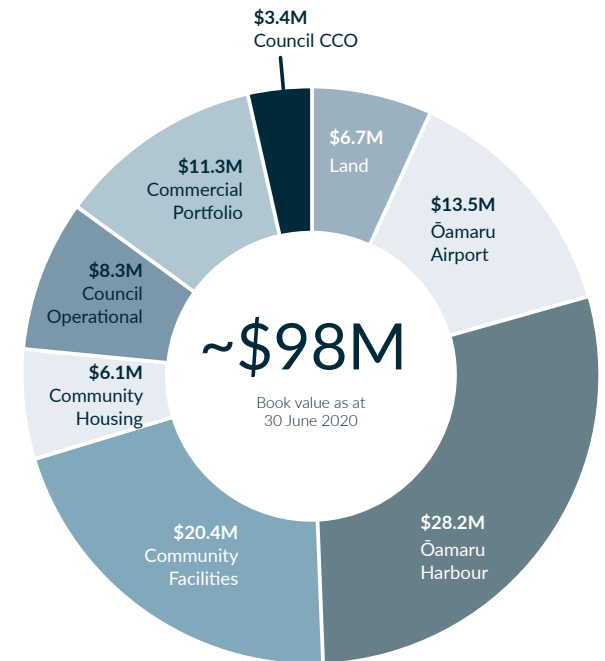
~160 SITES



74 Buildings



~256 'Agreements'



¹ 'Sites' is a proxy for scale of portfolio and predominantly relates to land/rating assessment

² Sourced from Authority Fixed Asset Register

Portfolio Snapshot In Scope

~160
SITES

99%
OWNED



~\$97.9M

INVESTMENT IN
PROPERTY¹
(BOOK VALUE AS AT 30 JUNE 2020)

~\$966M
TOTAL COUNCIL
ASSETS 2022



~67 YEARS²
AVERAGE AGE OF
IMPROVEMENTS



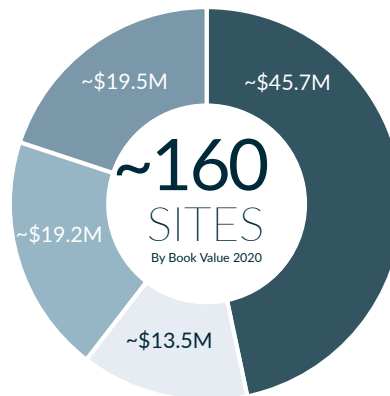
28
HERITAGE
CLASSIFIED ASSETS



~\$0.13M
PROPERTIES
LEASED \$PA

¹ Excludes financial value of lease commitments Council has made for leased property

² The Councils heritage assets contribute significantly to the average age of the property portfolio



~\$45.7M Major Assets



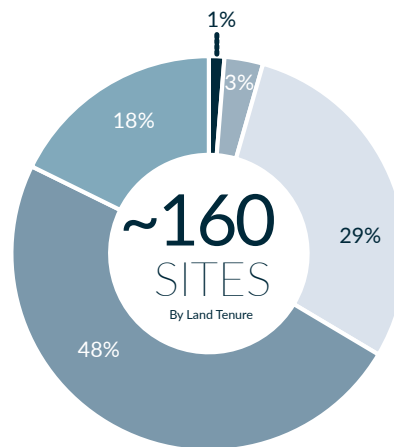
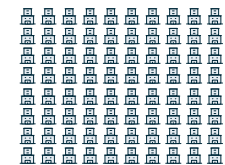
~\$13.5M



~\$19.2M



~\$19.5M Minor Assets



- 1% Leased
- 3% Other
- 29% Freehold
- 48% Endowment
- 18% Reserve

~\$2.1M

GROSS REVENUE PA
Generated by property in FY2022



~\$2.3M

OPEX COSTS PA
excl depreciation



~\$0.9M

REPAIRS AND
MAINTENANCE



~\$2.7M

DEPRECIATION

Note \$2.3M not funded in FY2022



~-\$3.8M

NOMINAL NET OPERATING POSITION
(Excluding Land)

~\$14.5M

FORECAST CAPITAL EXPENDITURE IN 2021-31 LTP

SECTION 3

Strategic Planning Framework

Strategic Planning Framework

INTRODUCTION

This section of the Property Strategy used the Strategic Themes developed in Section 1 - Planning Context and develops a set of 'sorting principles' that will be used to sort the property assets into:

- **Operational** - Properties required primarily to support the Council to deliver services to the community and don't form an integral part of that service themselves.
- **Strategic** - Properties that primarily support the Council to deliver community wellbeing outcomes and specific future strategies
- **Commercial** - Properties that primarily deliver the Council an appropriate commercial return
- **Surplus** - Properties that do not fit into the other categories

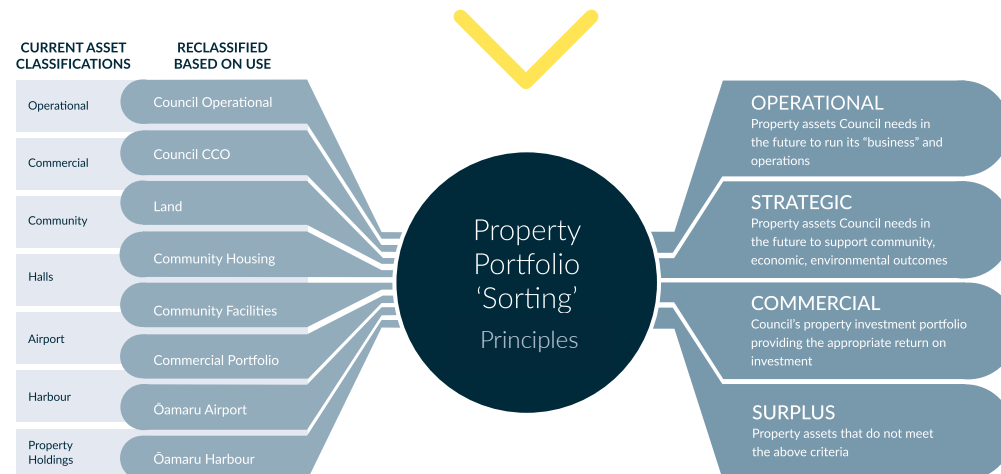
These 'sorting principles' show how the various assets can be leveraged to support the Strategic Themes.

Our full analysis of Strategic Intentions, Property Responses and Sorting principles is included in **Appendix 2**.



COUNCIL STRATEGIC INITIATIVES

- | | |
|-------------------------------|-------------------------------|
| Economic Development Strategy | Arts and Culture Strategy |
| Housing Strategy | Harbour Plan |
| Environmental Strategy | Airport Plan |
| Health and Wellbeing Strategy | Organisational Transformation |



Strategic Themes

COUNCIL'S STRATEGIC THEMES

The following Strategic Themes summarise the key Council ambitions that can be supported by the a current or future portfolio of property assets.

ECONOMIC DEVELOPMENT THEMES

PRIMARY SECTOR

Support the primary sector to be productive and sustainable

VISITORS

Attract more visitors to the District and encourage them to stay overnight and increase their spending

NEW BUSINESSES AND RESIDENTIAL TENANTS

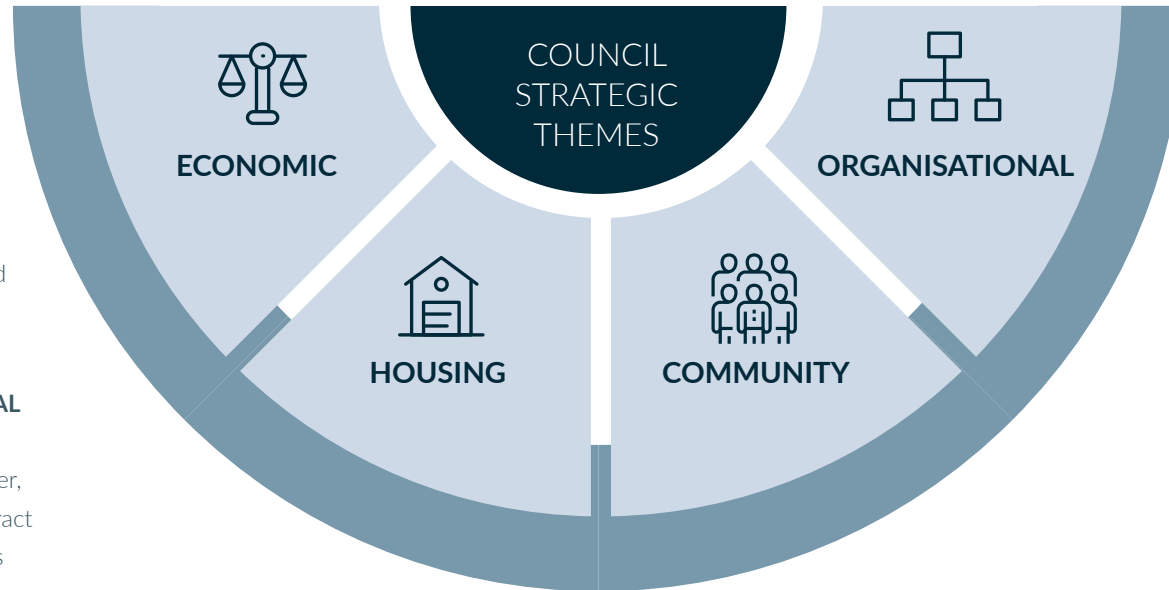
Develop thriving CBD, Heritage Quarter, Harbour area and Town Centres to attract new businesses and residential tenants

BUSINESS GROWTH

Enhance business productivity and growth, predominantly in the manufacturing, services and tourism sectors, to increase the number of skilled jobs available

EMPLOYMENT

Increase the skill base available for employers in the district, particularly from Māori, Pasifika and youth



HOUSING THEME

HOUSING

Support the creation of more healthy, affordable homes with access to services in vibrant, resilient communities

COMMUNITY THEMES

CULTURE AND HERITAGE

Support a strong relationship between the Council and community based on trust, understanding and shared aspirations.

ENVIRONMENT

Protect the District's diverse landscape and water bodies and meet environmental and climate change challenges

COMMUNITY

Celebrating the District's cultural identity in safe and connected communities with a focus on community wellbeing.

ORGANISATIONAL THEMES

ORGANISATIONAL TRANSFORMATION

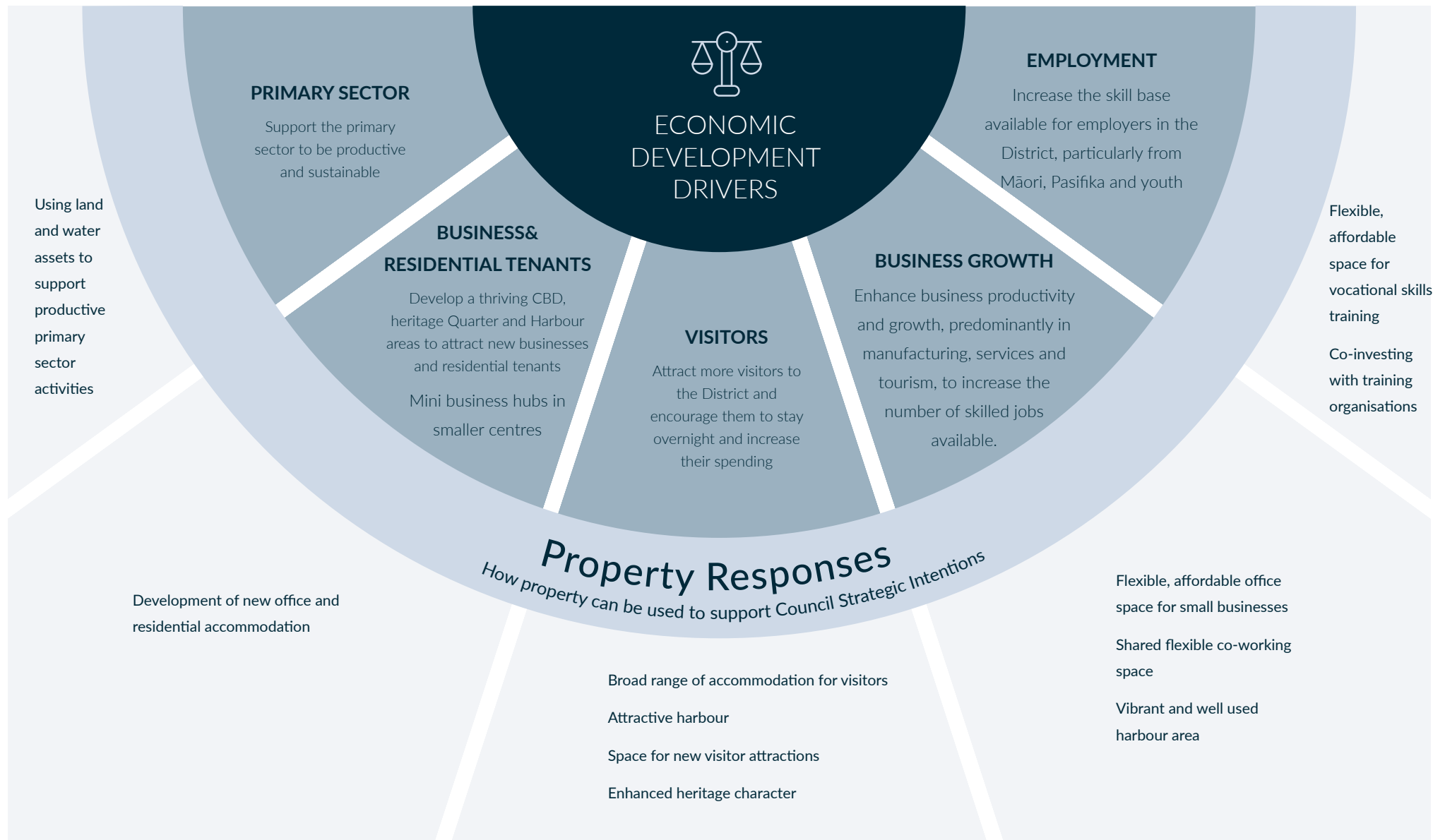
Become a leading, innovative Council delivering the best for the District's communities in the most effective way

FINANCIAL SUSTAINABILITY

Living within Council means, while meeting increased community demands

The diagrams on the following pages show how the property portfolio can support these economic development, housing, community and organisational drivers.

Strategic Themes and Property Responses



Council Strategic Intentions and Property Responses



Council Strategic Intentions and Property Responses



Council Strategic Intentions and Property Responses



Property Portfolio Principles

PROPERTY PORTFOLIO 'SORTING' PRINCIPLES

The following 'Principles' have been developed from the property portfolio responses. These are intended to allow the sorting of the current property assets (land, buildings and infrastructure) into categories based on how they will support the Council to achieve its future aspirations. More details about the development of these sorting principles is in **Appendix 3**.

OPERATIONAL PORTFOLIO

Operational assets whose primary purpose is to support the Council to deliver services to the community and don't form an integral part of that service themselves. The optimum objectives for Operational property assets are:

- Management and administrative workplaces that are efficient and configured for modern ways of working and consolidated in a minimum number of fit for purpose buildings in Central Ōamaru.
- Council public meeting facilities located and configured so they are accessible by the public, flexible to support community consultation and workshops, and zoned separately from other Council staff work spaces.
- Service centres, depots and storage facilities located where they are needed to best serve communities, and be of appropriate size and configuration to enable Council staff to deliver quality services in the future.

COMMERCIAL PORTFOLIO

Commercial property assets are those that deliver long term financial returns and are of an appropriate risk to the community.

STRATEGIC PORTFOLIO

Strategic property assets are those assets whose primary purpose is to enable Council to achieve its strategic intentions for the community. Strategic property assets and investment in them will be focused on supporting:

- Productive primary sector land and water activities
- Renewable energy opportunities
- A broad range of accommodation for visitors, particularly where not met by others
- Visitor attractions and amenities and enhancing of the heritage character of the District
- A vibrant, well used, attractive and resilient harbour area
- Diverse and affordable housing solutions meeting the different needs of the local communities
- Existing and start up businesses, eg co-working space and mini business hubs
- Development and retention of skills in the District, eg affordable and flexible space for skills training
- Facilities that reflect the local communities' diverse cultural and wellbeing requirements

These Strategic property assets should be operated in a financially sustainable way to reduce ongoing costs and achieve maximum benefit for the community.

SURPLUS

The Council should, over time, dispose of surplus properties that do not meet the objectives of these categories, in a manner that realises the maximum financial or community value from them.

Council can then re-invest the proceeds from disposal in enhancing the remaining property assets and/or acquiring new land or buildings as required to meet portfolio objectives.

SECTION 4

Property Planning Strategy

Property Planning Strategy

INTRODUCTION

This section of the Property Strategy summarises the 'sorting' of the property assets into the four categories, based on the principles developed in the previous section. These categories are:

- **Operational assets** whose primary purpose is to support the Council to deliver services to the community and don't form an integral part of that service themselves.
- **Strategic assets** whose primary purpose is to enable Council to achieve its strategic intentions for the community.
- **Commercial assets** that deliver a long term financial return to the Council and are of an appropriate risk to the community.
- **Surplus assets** that do not fit the three other categories

This section also details the recommended approach for Council to align the portfolio with its strategic intentions so it continues to be fit for purpose and support the ambitions of the Council in the future.

Our property Strategy analysis has focused on a representative broad selection of the Council's property assets. However it is envisaged, that once the Property Strategy has been adopted, the approach can be applied to the entire property portfolio.

Operational Assets

INTRODUCTION TO OPERATIONAL ASSETS

We have identified the following categories of property assets whose primary purpose is to support the Council to deliver services to the community and don't form an integral part of that service themselves:

- Council Administrative and Management Offices and public meeting facilities
- Council Residential Accommodation
- Council Service Centres
- Council Depots and Yards

Our recommended high level property planning strategies for these assets are summarised below.

COUNCIL ADMINISTRATIVE AND MANAGEMENT OFFICES AND PUBLIC MEETING FACILITIES

20 Thames St and 24 Thames St, Ōamaru

The current Council management and administration teams are split across four buildings and 8 floors. This is creating a disconnect between functions and adding to operational inefficiencies between teams.

Recommendation

Our recommendation is for Council to investigate consolidating its administrative and management functions into a redeveloped modern, efficient and flexible workspace in WDC HQ, 20 Thames St.

This could include redeveloping the building and interior of 24 Thames St to provide accessible Council Chambers and other public facilities for community groups.

Any additional area in 24 Thames St could be used for co-working space for community partners and Council project groups.

When possible exit leased accommodation in 1 Tees St, 10 Wear St and Abacus House, 102 Thames St all in Ōamaru.

Operational Assets

COUNCIL RESIDENTIAL ACCOMMODATION

Old Caretakers Property at 39 Chelmer St, residences at 2 Test St and 29 Aln St

These residences are used by Council as short to medium accommodation to support new WDC employees moving to Ōamaru while they find permanent accommodation.

Recommendation

We recommend Council retains 39 Chelmer St as medium term accommodation as it is located within the Botanical Gardens and therefore difficult to sell.

However we recommend Council undertake a cost benefit study comparing the overall costs for Council to retain the residences at 2 Test St and 29 Aln St as medium term accommodation for new employees with the costs of a market based accommodation solution.

COUNCIL SERVICE CENTRES

Palmerston Service Centre, 54 Tiverton St

This building serves WDC as a mixed purpose service centre including Elected Member facilities and library, plus commercial tenants accommodated in the surplus space.

The current space is too large for the Council services being provided. The buildings sit on a large parcel of land that could have a better use.

Recommendation

Council should consider options to utilise the buildings and land at 54 Tiverton St more effectively. This could include reconfiguring the interior space based on future service centre and library requirements to release space for additional commercial tenants, particularly those that support Council strategic intentions, e.g. co-working space, small business tenancies or skills training.

Operational Assets

COUNCIL DEPOTS AND YARDS

Freezer Building Storage Yard, 3 Humber Storage Yard, 8 Humber St Storage and Workshop, Ex RNZFB Hall, 8 Steward St.

These sites and building have historically been used by Council as storage and workshop space.

Recommendation

Consider the need for all of these properties to be retained based on Council future requirements for storage, yard and workshop space. Consider opportunities for consolidation onto fewer sites and possible disposal of sites not required in the long term.

Strategic Assets

INTRODUCTION TO STRATEGIC ASSETS

We have identified the following categories of property assets whose primary purpose is to enable Council to achieve its strategic intentions for the community:

- Cultural Facilities
- Recreational and Well-being Facilities
- Visitor Attraction Facilities
- Harbour Infrastructure
- Community Housing
- Facilities that Support Retention of Skills

Our recommended high level property planning strategies for these assets are summarised below.

CULTURAL FACILITIES

The following Strategic property assets have been identified during the 'sorting' process as facilities that support the local communities' diverse cultural requirements:

- Opera House - 94 Thames Street, Ōamaru
- Forrester Gallery - 9 Thames Street, Ōamaru
- Museum and Archives - 60 Thames St, Ōamaru

Recommendation

We recommend Council continues to maintain and upgrade these facilities to ensure they continue to meet the needs of the community and visitors to the District and future demand.

Strategic Assets

RECREATION AND WELL-BEING FACILITIES

The following Strategic property assets have been identified during the 'sorting' process as facilities that support the local communities' recreation and well-being requirements:

- Ōamaru Aquatic Centre, Severn St
- Ōamaru Library, 62 Thames St
- North Otago Centennial Building - 1 Severn St, Ōamaru (accommodation for Civil Defence, Settlers Hall and Plunket)
- North Otago Search and Rescue Building
- Otematata Lakes Centre, 1 West St

Recommendation

We recommend Council continues to maintain and upgrade these facilities to ensure they continue to meet the current and future recreational and well-being needs of the community and visitors to the District.

When setting the rent for any commercial tenants in these buildings, balance the value added to the community with the rent received.

For the North Otago Centennial Building, consider the potential to incorporate the Early Settlers Museum into the Council's Operational footprint.

For the Otematata Lakes Centre, consider opportunities to support visitors to the District riding the A2O trail.

VISITOR ATTRACTION FACILITIES

The following Strategic property assets have been identified during the 'sorting' process as facilities that support the attraction of visitors to the District:

- Ōamaru Blue Penguin Colony
- Sumpter Wharf

Recommendation

We recommend Council continues to maintain and upgrade these facilities to ensure they continue to attract visitors to the District.

Sumpter Wharf is a historic wharf that has recently become home to the endangered Otago shag deeming it a place of environmental importance. The structure is deteriorating and requires significant upgrades dependent on the intended future use.

Council to confirm the future purpose of the wharf to establish the level of investment required.

Strategic Assets

HARBOUR INFRASTRUCTURE

The following Strategic property assets have been identified during the 'sorting' process as facilities that support a vibrant, well used, attractive and resilient harbour area:

- Harbour Breakwater
- Holmes Wharf

These assets also protect an amenity that attracts visitors to the District, eg the harbour is an attractive place to relax and enjoy while visiting Ōamaru.

Recommendation

We recommend Council continues to maintain and upgrade these facilities to ensure they continue to fulfil their purpose. Be cognisant of the long term impact climate change and sea level rise.

COMMUNITY HOUSING

The following Strategic property assets owned by council provide affordable housing for community:

ŌAMARU

- 43 Reed St
- 14 Swale St
- 18 Usk St
- 1A to 1D Dacre St
- 21 Exe St

HAMPDEN

- 41A to 41C Lincoln St

PALMERSTON

- Palmerston Flats

Recommendation

Council involvement in community housing will be reviewed in 2024. Until then we recommend Council retains its current community housing complexes and minimises any significant capital investment until the longer term community housing strategy is determined.

Strategic Assets

FACILITIES SUPPORTING THE RETENTION OF SKILLS

The **Ōamaru Courthouse, 86 to 88 Thames St**, has been identified as a facility that supports the retention of skills in the District. The building is a Category 1 Heritage building.

A sale and lease back process was previously undertaken with the Ministry of Justice to retain Court service and associated businesses in Ōamaru.

The Ministry of Justice's lease on the premises currently has favourable rental terms. The objective of this is to incentivise the Ministry to continue to operate in Ōamaru and thereby retain the local businesses that support the legal processes, and to provide support for those in Waitaki involved in the Court process.

Recommendation

We recommend Council continues to maintain and upgrade the facility to ensure it continues to meet the needs of Ministry and the local businesses that use it. We also recommend Council consider increasing the utilisation of the building by exploring the potential for additional tenants or sub-tenants with the Ministry.

POTENTIAL ACQUISITIONS, PARTNERSHIPS AND CO-DEVELOPMENT OPPORTUNITIES

During the 'sorting process' of Council property assets we identified the the following strategic criteria that are not supported by the current property portfolio:

- Primary sector and water activities
- Renewable energy
- Accommodation for visitors, particularly where it is not currently met by others
- Existing and new business growth

Recommendation

We recommend Council, when considering potentially surplus properties, considers market incentives, co-development and partnership opportunities and other ways to support these strategic intentions.

In the future Council may also consider opportunities to acquire or repurpose properties for these strategic purposes.

Commercial Assets

INTRODUCTION TO COMMERCIAL ASSETS

The following Commercial land and infrastructure assets have been identified during the 'sorting' process as assets that deliver a 'net financial return' to the Council and are of appropriate risk for the community:

- Council owned Land with Ground leases to third parties
- Infrastructure

Our recommended high level property planning strategies for these assets are summarised below.

COUNCIL OWNED LAND WITH GROUND LEASES TO THIRD PARTIES

Council owns 46 land assets with ground leases to third parties. These have mostly been acquired as endowments and have privately owned improvements on them.

Recommendation

We recommend Council undertake a staged programme of review to confirm strategic fit for retention of sites with ground leases to third parties.

As part of this review, consider options for site development or rationalisation on a site by site basis as appropriate. As part of the review consider whether freeholding the site would add to its value or remove an impediment for development by other parties.

INFRASTRUCTURE

Council owns Normanby Wharf which is exclusively leased to Sanfords. This provides a financial return to the Council and supports businesses and employment in the district. A project to assess the structure is currently budgeted to begin in the coming financial year.

Recommendation

We recommend Council retain this property and maintain it to meet Sanfords current and future requirements.

If significant capital investment is required, consider partnerships and co-investment opportunities. Also consider the potential to use this wharf to support new commercial fishing and aquaculture activities.

Other Assets

INTRODUCTION

A number of property assets have been identified during the 'sorting' process as currently not supporting Council's Operational, Strategic or Commercial objectives.

The key properties in this grouping are:

- Ōamaru RSA, 30 Itchen St
- Ex Ōamaru Visitor Centre, 1 Thames St
- Community House, 100 Thames St
- Drill Hall, 28 Itchen St

Several other groups of property assets have been identified elsewhere in this document that potentially do not fit within the Operational, Strategic or Commercial categories. These are:

- Vacant land that has no long term strategic value to Council or that could support Council's strategic intentions better by being developed by other parties or in partnership with council
- Council office space that may not be required should WDC decide to consolidate its management and administrations into 20 Thames St
- Council residential properties currently used to support new WDC employees and that the market can provide accommodation more affordably
- Under-utilised Council storage buildings and yards

Airfield Park Subdivision

The Airfield Park Subdivision, ex J A Lory Block, is a vacant section adjacent to Ōmārama airport. Ōmārama airport users want to acquire this site to gain access to the other side of the subdivision to undertake a hangar development.

The site doesn't appear to be of strategic value to WDC. However, development of the site by the Ōmārama Airfield CCO will support Council's strategic intentions by attracting visitors to the District.

RECOMMENDATION

We recommend Council Officers undertake further investigation and analysis on these properties to determine the feasibility of retaining them or the benefits of disposal.

During this analysis consider co-development/ co-investment and other opportunities to incentivise appropriate development by other parties.

Council Officers are recommended to seek formal approval from Elected Members on a site by site basis prior to the initiation of any disposal process.

The intention of any disposal process would be to re-invest the proceeds in enhancing the remaining property portfolio and or acquiring new property as required to meet the portfolio objectives.

SECTION 5

Implementation Roadmap

Implementation Roadmap

INTRODUCTION

This section summarises our recommendations to transition the Property Strategy into a fully implementable action plan, involving approved programmes of work. This action plan will be developed by Council Officers, however we envisage the key areas of work to be:

IMPROVE PROPERTY SYSTEMS AND PROCESSES

During the process of developing this Property Strategy we encountered difficulties getting 'current state' information about the property portfolio on a property by property basis. Investment in property asset management such as improving information management would assist Council Officers manage the portfolio in a more effective way and be able to give Elected Members better information on an ongoing basis.

WORK ON EASY WINS

This Property Strategy has identified several areas of work that will add real value to the Waitaki communities over time. However much of the work is complex and interdependent and relies on a number of overarching programmes of work to be completed before tangible progress can be made.

We recommend, initially, Council Officers undertake a process to identify several less complex properties to focus on, and then to get Elected Members approval to make progress on them. The work required will involve gathering more data and undertaking feasibility and cost benefit analysis to confirm that the properties identified in the Property Strategy as Potentially Surplus do not add value to Council's strategic intentions. This work will also develop draft disposal plans for

sites that will enable the Council to derive the maximum return (financial and otherwise) from them.

OVERARCHING PROGRAMMES OF WORK

There are a number of programmes of work that will unlock maximum financial and community value from multiple of sites:

- Unlocking the complex ownership issues associated with endowment and reserve land that are impacting on utilisation, restricting future development and market value
- Proactive market engagement to ensure the the Council's intentions are well communicated to the maximum number of interested parties and they understand Council objectives for the particular sites
- Proactive engagement with Ngāi Tahu in general, and particularly Te Runanga o Mōeraki to create win/ win development possibilities

This work can run in parallel with work on 'easy wins'.

Implementation Roadmap

COMPLEX LAND TENURE ISSUES

Where properties are confirmed as no longer supporting Council's or the community's strategic interests Council should seek to mitigate existing holding costs, avoid re-investment, and consider disposing of these sites.

Before any disposal process a number of complex land tenure issues need to be unwound. Unless addressed these issues will be an impediment to disposal or reduce the value Council can extract from the property.

Freehold Properties

Disposal of freehold properties generally carries no restrictions beyond those imposed on Council activity generally – e.g. the requirements of section 14 of the LGA, Council's Significance and Engagement Policy etc.

Endowment Properties

Subject to advice on the specific endowment relating to the property, disposal of endowment properties is permitted in accordance with the LGA if this is determined as the best course of action for this property.

Reserve Land

Disposal of reserve land by Council is most likely to result in return of the property to the Crown, which may then decide to repurpose or completely dispose of the land. Council would not be entitled to any proceeds of sale generated by the Crown disposal process and the future community benefit of the site would be uncertain, outside Council control.

Where reserve sites are unduly constrained by their status it is recommended that Council engage at a strategic level with the relevant Crown organisations (Department of Conservation and LINZ), Heritage NZ and Ngāi Tahu to determine the best way to unlock value for the community from these sites for the community.

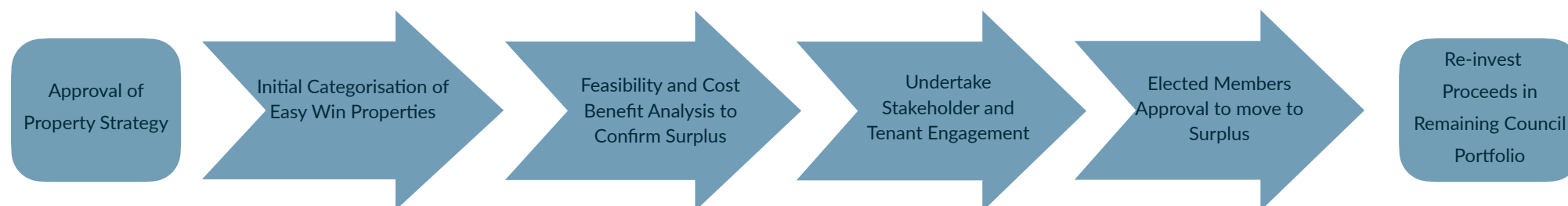
It would be helpful for such an engagement to be placed within the context of broader Council strategic priorities supported by the community such as CBD revitalisation. If alignment can be found, a tailored roadmap could be developed including how community and market engagement is managed, leading towards outcomes that benefit all actors.

Implementation Roadmap

TYPICAL PROCESS FOR POTENTIAL SURPLUS PROPERTIES

We envisage a typical plan to confirm properties are surplus would follow the process summarised in the diagram below. The steps include:

- Initial categorisation of properties into degree of complexity and difficulty to progress recommendation of Property Strategy
- Undertake a feasibility and cost benefit process to assess the property for disposal including design of the optimum disposal process including unwinding land complexities and demand analysis
- Undertake Stakeholder and Tenant Engagement
- Seek Elected Members approval to move property to Surplus category
- Utilise proceeds from disposal process to enhance Council's remaining property portfolio.



TWENTYTWO

STRATEGY²²

Aligning property/real estate with strategic business intent

ADVISORY²²

Applying expert commercial acuity to real estate projects and transactions

WORKPLACE²²

Optimising the workspace to support high performing teams

TECHNOLOGY²²

Integrating building and workplace technology with business and property projects

ASSURANCE²²

Identifying risks, issues and opportunities for improvement across property-related programmes and projects

PORTFOLIO²²

Partnering as a trusted outsourced property and lease management provider

COACHING²²

Improving the performance and maturity of in-house property teams

URBAN²²

Infusing strategic acumen and commercial acuity into infrastructure, housing and urban renewal investment

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