

Leasing and Licensing Policy

Department: Property and Facilities
Document ID: 2744368
Approved by: Council Resolution: 26.9.11 - 29 July 2026
Effective date: July 2026
Next review: July 2029

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Executive Summary

This policy provides the decision framework for leasing and licensing Council land and buildings, balancing community benefit, strategic fit, legal compliance, risk, and fair commercial return where applicable.

- **Primary decision tests:** community benefit, alignment with Council objectives and strategic plans, legal and planning compliance, financial sustainability, and Council risk exposure.
- **Standard tenure settings:** community leases 15+15 years with 5-year rent reviews; community licences 5+5 years with 5-year rent reviews; commercial leases/licences 5+5 years with 5-year standard reviews unless otherwise determined; airport leases 15+15 years with 3-year rent reviews.
- **Governance and delegation:** matters with greater strategic significance, non-standard tenure, development implications, or material public interest are escalated for elected-member decision in accordance with delegations.

Purpose:

The purpose of this policy is to:

- Provide a clear framework for decisions on occupancy agreements for Council property.
- Ensure leases and licences are managed fairly, transparently, and flexibly to meet community needs.
- Define eligibility criteria for potential occupiers of Council property to qualify to enter into agreements with Council under this policy.

Principles and Objectives:

This policy has been established to achieve the following objectives:

- Maximise community benefit from Council-owned land and buildings.
- Strengthen participation and engagement in community and recreational activities.
- Support eligible community groups by offering subsidies for community occupancy.
- Provide clear guidelines on lease and licence requirements (such as insurance, maintenance, and legal obligations).

Scope:

This policy applies to all land and buildings owned or administered by Council that are leased or licensed to community or commercial entities.

The Policy applies to:

- All new agreements.
- Existing agreements at rent review, renewal, or where terms are silent or ambiguous and the parties agree to apply the provisions of this policy.

The Policy does not apply to:

- Existing agreements where the terms of the agreement differ from the provisions of this policy and the tenant does not agree to apply the provisions of this policy during the existing term of the agreement.
- Table and chair permits.
- Air space licences.
- Easements.
- Residential tenancies.
- Short-term hire of Council facilities.

Definitions:

Term	Definition
Affiliation Fees	Money paid by a group, club, or tenant to belong to a regional or national association. Distinct from fees charged by a group to its members.
Airport Leases	Lease of land and/or hangars on reserves held for aerodrome purposes.
Community Benefit	Facilities or activities which benefit a community and have minimal barriers to access and participation.
Commercial Lease/Licence	Agreement with a person or entity conducting activities primarily for profit or private gain.
Community Lease/Licence	Agreement with a not-for-profit entity that reinvests funds into its own development or the betterment of the local community.
Council	Refers to the Central Otago District Council (CODC).
Fees	All fees relating to the cost of negotiation and finalisation of documentation as outlined in this policy.
Fundraising	Fundraising is the process of gathering voluntary financial contributions or resources from individuals, businesses, charitable foundations, or government agencies to support a cause, project, organisation, or event. Fundraising excludes revenue generated from the sale of liquor or any income derived from bar operations , as these activities are considered trading or hospitality income rather than voluntary contributions.

Term	Definition
Ground Lease/Licence	Agreement where Council owns/administers the land, but buildings or improvements are owned by the tenant/licensee or where the lease/licence is just for bare land.
Income	Tenant's gross income, excluding affiliation fees, fundraising, grants, and donations.
Landlord	Council/Lessor/Licensor refers to Central Otago District Council (CODC).
Legal Entity	A person or group with legal identity (e.g., registered company, registered incorporated society, or registered charitable trust).
Lease	Agreement granting exclusive use of a defined area (part or whole of Council-owned land/building).
Licence	Agreement granting non-exclusive use of a defined area (part or whole of Council-owned land/building).
New Lease/Licence	New applications with a new tenant and terms and conditions, including agreements that require Ministers Consent.
Occupier	Tenant, Lessee or Licensee.
Open Membership	Membership open to all persons without discrimination based on gender, social, racial, political, or religious grounds.
Premise Lease/Licence	Agreement where Council owns both land and buildings.
Renewal	Continuation of a lease on the same terms with the same tenant, including rights of renewal.
Rental	Payment by the occupier to Council for use of land/buildings under the agreement.
Reserve	Any land owned, vested, managed, or controlled by Council that is classified as a reserve in terms of the Reserves Act 1977.
Right of Renewal	Provision allowing a tenant to extend the agreement for a further term subject to conditions.
Sub-lease or sub-licence	Letting out all or part of a leased/licensed property to a third party. The head tenant remains responsible for rent and compliance.
Tenant	Person or entity with whom an agreement is made.

Governance and Decision-Making

- Council will make decisions in accordance with this policy, applicable legislation, and the current delegations framework.
- Standard tenure, rent, renewal, and review settings in this policy are the default position unless a departure is justified on the merits of the application.
- Applications with material strategic significance, non-standard tenure, notable public interest, development implications, or material financial or asset risk should be escalated for elected-member decision.

Policy Outcomes

This Policy ensures that:

- Council property is used in ways that maximise community benefit.
- Eligible community groups are supported through fair rental subsidies.
- Commercial entities contribute appropriately to Council's revenue.
- All agreements are consistent, transparent, and legally sound.

Policy

Market Engagement and Expression of Interest (EOI)

- Council may conduct an Expression of Interest process to identify the most suitable occupant or user of the land.
- In some cases, Council may specifically invite Expressions of Interest from community organisations that address identified community needs.
- All applications will be assessed against this policy and any additional eligibility or assessment criteria outlined in the EOI documentation.
- If no suitable occupant or user is identified, Council reserves the right not to grant tenure.

Notification Requirements

Where applications are made outside an Expression of Interest process, Council will publicly notify the availability of the land where required by law or where it considers notification appropriate in the circumstances.

Exemptions

Public notification will not occur in the following circumstances:

- Agreements exempted under sections 119 and 120 of the Reserves Act 1977, including:
 - Agreements consistent with the approved management plan for the reserve.
 - Agreements subject to a resource consent that was publicly notified under section 93(2) of the Resource Management Act 1991.

- A lease or licence may be granted outside the EOI and public notification process in the following circumstances:
 - For a lease or licence to an adjacent landowner.
 - Where the cost of conducting an EOI and public notification would outweigh the public interest.

Application Requirements

Applicants must submit a written application to Council, including the following information as relevant to the proposed agreement:

- **Certificate of Incorporation or Registration** – a copy must be provided.
- **Financial Reports** – up to **5 fiscal years**, if available. Where 5 years are not available, applicants should provide as many reports as possible at the time of application.
- **Supporting Documentation** – evidence or information demonstrating why the applicant is the appropriate occupier of the land, and in the case of community leases, how their occupation will deliver benefits to the community.

Policy Administration

The following sections describe the administrative processes used to implement this policy, including market engagement, notification, application handling, and assessment.

Application Assessment

Application Assessment and Delegations

Each application will be assessed on its merits by Council staff, and decisions will be made in accordance with the applicable delegations.

Community Leases:	
Application description:	Decision delegation:
New applications with a new tenant and terms and conditions, including agreements that require Ministers Consent under the Reserves Act 1977, excluding retail shops and investment properties with shorter term commercial leases.	Report to relevant Community Board for recommendation followed by a decision of Council.
Renewal of expired agreements at final expiry with existing tenants, where terms and conditions differ and/or the land or buildings have been identified for development or other use or multiple applicants registered their interest to lease the same land and/or buildings, including agreements that require Ministers Consent under the Reserves Act 1977.	Report to relevant Community Board for recommendation followed by a decision of Council.
Renewal of expired agreements at final expiry with existing tenants on the same terms and conditions, provided the land or buildings have not been identified for development or alternative use.	As per applicable delegation registers to Chief Executive and/or Council staff.
Renewal of existing agreements under rights of renewal specified in the terms and conditions of the current agreement.	As per applicable delegation registers to Chief Executive and/or Council Staff.
Rent reviews	As per applicable delegation registers to Chief Executive and/or Council Staff.
Commercial Leases:	
Application description:	Decision delegation:
Commercial Lease applications for longer than standard 5-year tenure.	Report to relevant Community Board for recommendation followed by a decision of Council.
Commercial Lease applications for a 5-year or shorter tenure.	As per applicable delegation registers to Chief Executive and/or Council staff.
Commercial Lease for retail shops and investment properties for new applications, renewal and rent review.	As per applicable delegation registers to Chief Executive and/or Council staff.
Airport Leases:	
New Leases, rent reviews and renewal of existing agreements.	As per applicable delegation registers to Chief Executive and/or Council Staff.
Endowment Land	
Application description:	Decision delegation:

All new leases and renewal of expired leases on Endowment Land	Report to relevant Community Board for recommendation followed by a decision of Council
Renewal of existing agreements under rights of renewal specified in the terms and conditions of the current agreement.	As per applicable delegation registers to Chief Executive and/or Council Staff.
Rent reviews	As per applicable delegation registers to Chief Executive and/or Council Staff.

Note: Council staff may refer any application to the relevant Community Board and Council for final decision where the proposal has material strategic significance, creates material financial or asset risk, raises notable public interest issues, or departs from the standard policy settings.

Assessment Criteria

Council staff will assess each application against the following core decision tests to determine whether it is appropriate to grant a lease or licence:

- Legal status and capability of the applicant to hold and perform the agreement.
- Community benefit, public need, and ease of access or participation where relevant.
- Strategic fit with Council objectives, adopted plans, and intended future use of the land or buildings.
- Financial sustainability, funding sources, and the viability of any proposed improvements.
- Consistency with reserve classification, reserve management plans, zoning, and other statutory or consenting requirements.
- Risk and liability to Council, including health and safety, environmental impact, asset condition, and public accountability considerations.
- Efficient and appropriate use of the land or buildings, including partnerships, shared use, and overall utilisation.
- Submissions received or other relevant public interest considerations, where applicable.

Tenure Framework

Community Leases

Standard Tenure

The standard tenure of a community lease will be:

- **Term:** 15 years
- **Right of Renewal:** One further term of 15 years
- **Rent Reviews:** Every 5 years

Shorter Tenure

A shorter tenure may be granted in circumstances including, but not limited to:

- Where land or buildings are identified in Council's strategic documents or plans for potential alternative use.
- Where the life expectancy of the building is less than the standard tenure.
- Where a management plan requires a shorter tenure.
- Where the parties mutually agree that a shorter tenure is necessary.

Longer Tenure

A longer tenure may be granted in circumstances including, but not limited to:

- Where groups amalgamate or share facilities.
- Where significant investment has been made, or is planned, that maximises use of the area.
- In exceptional circumstances where the parties agree that a longer tenure is appropriate.

Community Licences

Standard Tenure

The standard tenure for a community licence will be:

- **Term:** 5 years
- **Right of Renewal:** One further term of 5 years
- **Rent Reviews:** Every 5 years

Shorter Tenure

A shorter tenure may be agreed where:

- The life expectancy of the building is less than the standard tenure.
- A management plan requires a shorter tenure.
- The parties mutually agree that a shorter tenure is necessary.

Commercial Leases and Licences

The appropriate term, rights of renewal and rent reviews will be assessed by Council staff and discussed with the applicant.

Standard Tenure

The standard tenure for a commercial lease or licence will be:

- **Term:** 5 years
- **Right of Renewal:** One further term of 5 years
- **Rent Reviews:** Every 2 years

Shorter Tenure

A shorter tenure may be agreed where:

- The life expectancy of the building is less than the standard tenure.
- A management plan requires a shorter tenure.
- The parties mutually agree that a shorter tenure is necessary.
- Leasing of retail shops.

Longer Tenure

A longer tenure may be granted in circumstances including, but not limited to:

- Where significant investment has been made, or is planned, that maximises use of the leased area.
- In exceptional circumstances where the parties agree that a longer tenure is appropriate.

Airport Leases

Standard Tenure

The standard tenure for an airport lease will be:

- **Term:** 15 Years
- **Right of Renewal:** One further term of 15 years
- **Rent Reviews:** Every 3 years

Standard Terms and Conditions

Each agreement will be tailored to its specific circumstances; however, the following standard terms and conditions generally apply unless varied by the approved agreement.

Eligibility

- The applicant must be a legal entity such as a registered company, registered incorporated society or registered charitable trust.
- In the case of an individual or trust, a guarantor is required.
- The proposed activity aligns with Council policy and objectives.
- The application aligns with the assessment criteria set out in this policy.

Outgoings – Allocation of Responsibilities

The table below outlines the standard tenant responsibilities in relation to the functions contained within:

Function	Council-Owned Building	Occupier-owned Building	Room within Council Building
Utilities	Occupier	Occupier	Shared with other occupiers
Rates*	Occupier	Occupier	Shared with other occupiers*
Building Insurance	Council	Occupier	Council
Structural Maintenance**	Council	Occupier	Council
Non-Structural Maintenance	Occupier	Occupier	Shared with other occupiers

- *If the land is rateable. Note a change in activity may change the rateability of the land – this should be considered when processing sub-lease and assignment applications.
- *For community leases the viability of on-charging of rates will be evaluated by Council Staff.
- **Maintenance of the structural elements of the building – roof, walls, plumbing systems, electrical systems, but excluding preventative maintenance such as gutter and sump clearing.

Subleasing

- Tenants may not transfer, sublet, or otherwise dispose of their interest in a lease or licence without **prior written approval** from Council.
- Subleasing will only be considered where the proposed sub-tenant and their activities:
 - Comply with this policy, relevant legislation, and applicable management plans.
 - Enhance the primary purpose of the land, where the land is classified as a reserve.
- If approval to sublease is granted, the tenant will be responsible for:
 - Preparing the sublease agreement and meeting all associated costs.

- Recovering all fees and charges associated with the sublease.
- Obtaining Council approval of the sublease agreement and/or any assignment of the sublease.
- Providing Council with a fully executed copy of the sublease agreement.
- Providing Council with copies of any variations or assignments of the sublease agreement.

Additions and Alterations

- Tenants wishing to erect new buildings or improvements, or alter existing buildings or improvements, **must first obtain landowner approval**.
- This requirement applies regardless of whether the buildings or improvements are Council-owned or tenant-owned.
- Landowner approval must be obtained **before** seeking any regulatory approvals from Council in its statutory capacity.
- Where a lease or licence is nearing expiry, has expired, or has been terminated, and Council has determined that a new agreement will not be granted to the existing tenant, any buildings or structures owned by the tenant:
 - **May** be removed by the tenant on or before the termination date; or
 - **May** transfer to Council ownership, if Council agrees to accept ownership; or
 - **May** be removed by Council at the **tenant's cost**, if not removed by the tenant by the termination date; or
 - **May** be transferred to another community or recreation group, subject to Council agreement.

Maintenance

- All buildings and structures must be maintained to a standard that complies with all relevant legislation, including the Building Act 2004.
- Buildings, structures, and surrounding vegetation must be kept in a tidy condition and must not detract from the amenity or character of the environment.
- Vegetation must be managed to ensure it does not pose a hazard to public safety.

Insurance

- Council holds public liability insurance on all Council property, but this only covers the actions of council staff and contractors.
- Council holds insurance on all Council owned buildings and facilities where appropriate. This insurance does not cover non-council owned buildings and facilities on Council Land.
- Council recommends that tenants hold their own public liability insurance of at least **\$5,000,000**
- Tenants should self-insure for any buildings, facilities, and contents owned by the tenant on Council land.
- Tenants may be held responsible for payment (or portion) of any excess associated with claims made under Council's building and/or contents insurance policies, where the claim resulted from the actions and/or negligence of the tenant.

Health and Safety

- Tenants must implement and maintain appropriate provisions to ensure that Council, as landowner, meets its legal obligations under the Health and Safety at Work Act 2015 and any subsequent amendments.
- Tenants are responsible for ensuring that their activities, and those of any sub-tenants, contractors, or visitors, comply with all applicable health and safety requirements.

Cancellation/Termination Clause

- All agreements may include a cancellation or termination clause that allows Council to reclaim the land and/or premises where required for an alternative use that delivers a demonstrably greater community benefit or stronger strategic alignment.
- The standard notice period for cancellation or termination is **6 months**.
- A longer notice period may be applied where the tenant has made significant investment in infrastructure on the property or where this is warranted having regard to fairness, transition impacts, and Council's objectives.

Fees and Rent Calculations

Fees

- Applicants may be held responsible for all legal costs and expenses associated with the preparation of any renewal or variation of a lease or licence, as well as any other related costs.
- Council will not charge for the reasonable use of Council Staff time in administering these processes.
- The use of fields, grounds, and facilities for sporting competitions, tournaments, or other events is managed separately and is subject to:
 - Council's annual schedule of fees and charges
 - Council's booking and allocation processes

Community Lease and Licence Rent Calculations

Community leases and licences are offered at a **concessional rate**, set significantly below market rent. This approach supports community groups and enables Council to achieve wider community outcomes. The concessional rate is intended to offset property-related and other operational costs.

Eligibility

To qualify for a subsidised rent, the applicant's purpose must not be for profit or to benefit an individual.

Rent Calculation

Annual rent is calculated at **2.5% of the tenant's gross income**, less any affiliation fees, fundraising, grants and donations.

Financial Records

- Income is assessed over the most recent **5-year period** for which financial accounts are available.
- Where fewer than 5 years of accounts exist, rent will be calculated as an average of the available financial statements.
- This rental fee applies for the first 5 years of the lease or licence, or until the next rent review.

Special Cases

- Where no financial records exist, rent will be **\$250 plus GST** for the first year. Thereafter, rent will be calculated at 2.5% of income based on the first year's financial accounts.
- If the calculated rent is less than **\$250 plus GST**, rent will be set at **\$1.00 per annum** (if demanded by the Landlord).
- For leases or licences of **bare land**, where the tenant pays outgoings (rates and maintenance), rent will be **\$1.00 per annum** (if demanded by the Landlord).
- In exceptional circumstances where there are ongoing or direct property-related costs, Council and the tenant may agree to an alternative method of determining rent if the standard method would produce an unjust outcome.

Commercial Leases and Licences Rent Calculations

- Any application that benefits an individual or has a primary objective of generating profit, will be treated as a **commercial entity** and will not qualify for community subsidies.
- Applications must demonstrate, compliance with the Reserves Act and Resource Management Act requirements for the site where applicable.
- Rent for commercial leases and licences will be set at **market rent**, as assessed by a qualified independent valuer.
- Calculation of rent for **Endowment Land** will be set at **market rent**.

Airport Leases Rent Calculation

- Any application for the lease of land and/or hangars on reserves held for aerodrome purposes.
- Applicants must demonstrate compliance with the requirements for leasing a hangar site and must comply with all applicable legislation.
- Rent for Airport leases will be set at **market rent** as assessed by a qualified independent valuer.

Rent Reviews

Community Leases and Licences

- Rent reviews will occur every **5 years**.
- Reviews will apply the same assessment criteria used at the commencement of the lease or licence, based on the most recent **5 years** of financial accounts available.
- Rent reviews are delegated to Council staff under their applicable authority.
- In special circumstances when a rental of **\$1 (if demanded)** is charged, rent reviews will be **waived** for the term of the lease.

Commercial Leases and Licences

- Rent reviews will occur every **2 years**.
- Reviews will be undertaken by Council staff (under delegated authority) and may be based on:
 - An increase aligned with the Consumer Price Index (CPI), or
 - A market valuation undertaken by a qualified valuer.
- The method applied will be determined by Council staff, considering cost-effectiveness and appropriateness at the time of review.

Airport Leases

- Rent reviews will occur every **3 years**.
- Reviews will be undertaken by Council staff (under delegated authority) and may be based on:
 - An increase aligned with the Consumer Price Index (CPI), or
 - A market valuation undertaken by a qualified valuer.
- The method applied will be determined by Council staff, considering cost-effectiveness and appropriateness at the time of review.

Renewals

Rights of renewal and the renewal of expired agreements will be assessed by Council staff (under delegated authority) and discussed with the applicant/tenant.

Assessment Criteria

The following matters may be considered when assessing renewals:

- Condition of the lease area and any associated improvements.
- Compliance with the terms and conditions of the previous lease or licence.
- For community leases: whether membership is stable or growing.

- Alignment of the activity with Council objectives.
- Ongoing financial sustainability of the entity.
- Future strategic planning for the leased/licensed land.
- Compliance with the Reserves Act 1977, where applicable.

Renewal Outcomes

- Unless there is evidence that the above criteria are not met, a renewed lease will generally be offered to the tenant.
- Where the proposed renewal involves terms and **conditions that differ** significantly from the expired agreement, the renewal will be treated as a **new lease**.

Assignments

- All assignments must receive **prior written approval** from Council before they take effect.
- Assignment approval will be authorised by Council Staff under delegated authority.
- Once approval has been obtained, it will be the responsibility of the tenant to prepare all documentation required for the assignment at no cost to Council.

Assignment Assessment Criteria:

When considering an assignment, Council Staff will assess the following:

- Whether the assignment involves a change of use.
- If a change of use is proposed, whether it complies with:
 - The relevant Reserves Act classification, and
 - Any Resource Management Act consents or provisions.
- Whether the change in use or tenant affects the community benefit or alignment with Council's objectives.
- Whether the proposed assignee, sub-licensee, or tenant is financially solvent.
- Whether the proposed assignee, sub-licensee, or tenant is a legal entity.

Reporting

Council staff will report to Council annually on lease and licence activity administered during the reporting year, including key approvals, material renewals, non-standard decisions, and any significant risks or emerging issues.

Relevant legislation:

- The Reserves Act 1977
- The Property Law Act 2007
- The Public Bodies Leases Act 1969
- Resource Management Act 1991

Related CODC documents:

- Staff Delegations Manual
- Sustainability Strategy
- Reserve Management Plans
- Significance and Engagement Policy
- Long-Term Plan