

## ANNUAL PLAN BUDGET UPDATE - PROPERTY SERVICES

Department: Property

### EXECUTIVE SUMMARY

1. This report provides an overview of the operating expenditure (opex) budgets for the 2023/24 Annual Plan year for the Property Group as shown at Attachment A. A draft funding impact statement (FIS) is shown at Attachment B. The following activities are provided for:
  - Community Housing
  - Investment Property
  - Holding Property
  - Operational Property
  - Community Property
  - Property management
2. A schedule of proposed fees and charges for the 2023/24 year is also presented at Attachment C.

### RECOMMENDATIONS

That the Council:

- a) **Approves** the draft 2023/24 operating budget for the Property Group as shown/amended at Attachment A.
- b) **Approves** the draft 2023/24 fees and charges schedules for the Property Group as shown/amended at Attachment C.

### OPERATING BUDGETS

#### Revenue

##### *Rates*

3. The rates contribution for the Group has increased by \$3.238 million, 25.4%.

##### *External Revenue*

4. External revenue has increased by \$178k. The main revenue changes incorporate the following:

- a) An increase in Community Housing revenue of \$314k, representing an overall increase of 5%. Rental increases range from \$6 - \$12/week.
- b) An increase of \$195k in the Community Property portfolio due to project delays for the South Dunedin Community complex, resulting in existing tenancies continuing in 2023/24.
- c) A decrease of \$285k on the Holding portfolio due to the sale of a property and the loss of the main tenant at 1 White St.
- d) A decrease of \$105k in the Investment Property portfolio due to renegotiated Wall St leases and continued vacancies at 54 Moray Place.

## **Expenditure**

### ***Personnel Costs***

5. Personnel costs have increased by \$107k, 2.9% reflecting salary changes.

### ***Operations and Maintenance***

6. Operations and maintenance costs have decreased by \$112k with the main changes being:
  - a) A decrease of \$453k in the Community Property portfolio due to the Railway Station planned maintenance project being completed in 2022/23, and a reduction in maintenance needed for community halls.
  - b) An increase of \$311k for contracted services costs in Property Management due to the three-yearly revaluation of property assets.

### ***Depreciation***

7. Depreciation has increased by \$727k and reflects the capital expenditure programme.

### ***Interest***

8. Interest expense has increased by \$1.622 million as a result of the capital expenditure programme and higher interest rate.

## **FEES AND CHARGES**

9. Rental fees for community housing are proposed to increase by between 4.6% - 5.6%, being between \$6 - \$12 per week.
10. Community Gallery hire fees are proposed to increase by between 3.0% – 4.4%.
11. Fees for encroachments on road reserves are proposed to increase by around 3%.

## **Signatories**

Author:	Anna Nilsen - Group Manager, Property Services
Authoriser:	Robert West - General Manager Corporate and Quality

## Attachments

	<b>Title</b>	<b>Page</b>
<a href="#">↓A</a>	Income Statement	21
<a href="#">↓B</a>	FIS Statement	22
<a href="#">↓C</a>	Property Fees Schedule	23

## SUMMARY OF CONSIDERATIONS

### ***Fit with purpose of Local Government***

This decision enables democratic local decision making and action by, and on behalf of communities, and promotes the social economic, environmental, and cultural well-being of communities in the present and for the future.

### ***Fit with strategic framework***

	Contributes	Detracts	Not applicable
Social Wellbeing Strategy	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Economic Development Strategy	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Environment Strategy	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Arts and Culture Strategy	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Waters Strategy	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Spatial Plan	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Integrated Transport Strategy	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Parks and Recreation Strategy	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Other strategic projects/policies/plans	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Property Group activities primarily contribute to the objectives and priorities of the above strategies.

### ***Māori Impact Statement***

Council budgets impact broadly across all Dunedin communities including Māori. The Council is committed to developing ongoing relationships with Māori communities, particularly with mana whenua. Strategic projects that have significance to Māori have been identified from across the organisation and these projects will work collaboratively with the Māori Partnerships Manager to ensure beneficial outcomes for Māori are achieved.

### ***Sustainability***

The Annual Plan is not proposing any changes to that provided for in the 10 year plan. Major issues and implications for sustainability are discussed and considered in the 50 year Infrastructure Strategy and financial resilience is discussed in the Financial Strategy of the current 10 year plan 2021-31.

### ***LTP/Annual Plan / Financial Strategy /Infrastructure Strategy***

This report provides a draft budget for the Property Group for inclusion in the draft 2023/24 Annual Plan.

### ***Financial considerations***

Financial considerations are detailed in the report.

### ***Significance***

The 10 year plan 2021-31 budgets were considered significant in terms of the Council's Significance and Engagement Policy, and were consulted on. Variations to those budgets as discussed in this report are not considered significant in terms of the policy.

### ***Engagement – external***

There has been no external engagement in updating the draft budget for the Property Group.

**SUMMARY OF CONSIDERATIONS*****Engagement - internal***

Staff and managers from across council have been involved in the development of the draft budget.

***Risks: Legal / Health and Safety etc.***

There are no identified risks.

***Conflict of Interest***

There are no known conflicts of interest.

***Community Boards***

Projects identified in Community Board Plans were considered in the development of the budgets for the 10 year plan, and Community Boards were consulted at this time. Community Boards will have an opportunity to present on the draft 2023/24 Annual Plan.

# Property Services Income Statement for the Year Ended 30 June 2024

Actual	Budget	Draft Budget	Inc (Dec)	Budget Inc (Dec)
2021-22	2022-23	2023-24		
\$000	\$000	\$000	\$000	%
<b>Revenue</b>				
9,155 Rates revenue	12,749	15,987	3,238	25.4%
- Rates penalties	-	-	-	-
27,504 External revenue	17,151	17,329	178	1.0%
21 Grants and subsidies operating	10	-	(10)	-100.0%
- Grants and subsidies capital	-	-	-	-
21 Development contributions	295	295	-	0.0%
- Vested assets	-	-	-	-
7,664 Internal revenue	7,804	7,809	5	0.1%
<b>44,365 Total revenue</b>	<b>38,009</b>	<b>41,420</b>	<b>3,411</b>	<b>9.0%</b>
<b>Expenditure</b>				
3,356 Personnel costs	3,721	3,828	107	2.9%
6,150 Operations & maintenance	8,489	8,377	(112)	-1.3%
8,727 Occupancy costs	8,985	8,941	(44)	-0.5%
(22) Consumables & general	605	657	52	8.6%
250 Grants & subsidies	152	157	5	3.3%
2,553 Internal charges	2,588	2,600	12	0.5%
13,144 Depreciation & amortisation	13,390	14,117	727	5.4%
1,332 Interest	2,548	4,170	1,622	63.7%
<b>35,490 Total expenditure</b>	<b>40,478</b>	<b>42,847</b>	<b>2,369</b>	<b>5.9%</b>
<b>8,875 Net surplus/(deficit)</b>	<b>(2,469)</b>	<b>(1,427)</b>	<b>1,042</b>	<b>-42.2%</b>

## Property Services

### Funding Impact Statement

#### for the Year Ended 30 June 2024

	Draft Budget 2023/24 \$000
<b>Sources of operating funding</b>	
General rates, uniform annual general charges, rates penalties	15,987
Targeted rates	-
Subsidies and grants for operating purposes	-
Fees and charges	17,329
Internal charges and overheads recovered	7,809
Interest and dividends from investments	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-
<b>Total operating funding (A)</b>	<b>41,125</b>
<b>Applications of operating funding</b>	
Payments to staff and suppliers	21,960
Finance costs	4,170
Internal charges and overheads applied	2,600
Other operating funding applications	-
<b>Total application of operating funding (B)</b>	<b>28,730</b>
<b>Surplus/(deficit) of operating funding (A-B)</b>	<b>12,395</b>
<b>Sources of capital funding</b>	
Subsidies and grants for renewals expenditure	-
Subsidies and grants for other capital expenditure	-
Development and financial contributions	295
Increase/(decrease) in debt	15,888
Gross proceeds from sale of assets	-
Lump sum contributions	-
Other dedicated capital funding	-
<b>Total sources of capital funding (C)</b>	<b>16,183</b>
<b>Application of capital funding</b>	
Capital expenditure	
- to meet additional demand	-
- to improve the level of service	3,500
- to replace existing assets	25,078
Increase/(decrease) in reserves	-
Increase/(decrease) in investment (DCHL)	-
Increase/(decrease) of other investments	-
<b>Total application of capital funding (D)</b>	<b>28,578</b>
<b>Surplus/(deficit) of capital funding (C-D)</b>	<b>(12,395)</b>
<b>Funding balance ((A-B)+(C-D))</b>	<b>-</b>

**Group - Property**

	2022/23 fees (GST Inclusive)	2023/24 proposed (GST Inclusive)	\$ change	% change
<b>Community property</b>				
<b>Community Art Gallery</b>				
Commercial Organisations (commercial venture/selling) (Minimum weekly rate or	\$1,100.00	\$1,133.00	\$33.00	3.00%
Commercial Organisations (display purposes only) (per week)	\$1,100.00	\$1,133.00	\$33.00	3.00%
Community Groups (non-commercial/display only) (per day)	\$23.00	\$24.00	\$1.00	4.30%
Community Groups (non-commercial/display only) (per week)	\$155.00	\$160.00	\$5.00	3.20%
Community Groups (non-commercial/sell products) (per day)	\$45.00	\$47.00	\$2.00	4.40%
Community Groups (non-commercial/sell products) (per week)	\$310.00	\$320.00	\$10.00	3.20%
<b>Housing</b>				
<b>Housing</b>				
1 Bedroom	\$185.00	\$195.00	\$10.00	5.40%
2 Bedroom	\$216.00	\$228.00	\$12.00	5.60%
Bedsit	\$122.00	\$128.00	\$6.00	4.90%
Double (partitioned flat)	\$171.00	\$179.00	\$8.00	4.70%
Double (separate flat)	\$176.00	\$185.00	\$9.00	5.10%
Single (partitioned flat)	\$125.00	\$131.00	\$6.00	4.80%
Single (separate flat)	\$130.00	\$136.00	\$6.00	4.60%
<b>Property management</b>				
<b>Encroachments on road reserve (per annum)</b>				
All other encroachment types (8% of adjacent unimproved rated value \$/m2)	\$0.00	\$0.00	\$0.00	0.00%
Commercial Use (fee is negotiated)	\$0.00	\$0.00	\$0.00	0.00%
New application establishment administration fee	\$65.00	\$67.00	\$2.00	3.10%
Residential – Double garage <50m <sup>2</sup>	\$279.00	\$287.00	\$8.00	2.90%
Residential – Single garage <25m <sup>2</sup>	\$139.50	\$144.00	\$4.50	3.20%