

QLDC Council

10 August 2023

Report for Agenda Item | Rīpoata moto e Rāraki take [8]

Department: Property & Infrastructure

Title | Taitara : Disposal of the Commonage Development Block

Purpose of the Report | Te Take mō te Pūroko

The purpose of this report is to enact the 2017 decision for the disposal of The Commonage Development Block (legally described as Lot 1 DP 496901, Part Lot 1 DP 21763, and Section 2 SO 503401) and to appoint a Governance Steering Group to oversee the disposal of The Commonage Development Block.

Public Excluded | Ārai te Iwi Whānui

It is recommended that **Attachment A** - Valuation Report completed by Andrew Hyndman of Q Property, 8 June 2023, is considered with the public excluded in accordance with the Local Government Official Information and Meetings Act 1987 section 7(2)(i) on the grounds that the withholding of the information is necessary to enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations).

Recommendation | Kā Tūtohu

That the Council:

1. **Note** the contents of this report;
2. **Confirm** Council's 2017 decision to dispose of The Commonage Development Block;
3. **Note** that The Commonage Land has been recorded as surplus to Council's needs in the QLDC Ten Year Plan 2021 – 2031, stating:

'To further support the funding of [the Ten-Year Plan], we have a number of surplus Properties, that will be sold in some form during the period. Properties identified as surplus to requirements by the Council include the Commonage and Lake View. A total net gain is reflected in this Ten-Year Plan and proceeds will be available for infrastructure investment'.

4. **Appoint** a Governance Steering Group to oversee the sale, comprising the Mayor, the Chief Executive and General Manager of Property and Infrastructure;
5. **Delegate** final terms and conditions along with the sale approach, appointment of real estate agency, negotiation of sale price, placement of any easements or covenants and signing authority to the Chief Executive of Council;
6. **Agree** the delegation is time limited to end on 30 June 2025;
7. **Note** the Valuation Report completed by Andrew Hyndman of Q Property, 8 June 2023 (**Attachment A**); and
8. **Note** that Council will be seeking to sell The Commonage Development Block at or above this price point outlined in the valuation report (**Attachment A**).

Prepared by:



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20 July 2023

Reviewed and Authorised by:



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20 July 2023

Authorised by:



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20 July 2023

Context | Horopaki

1. In 1971, the New Zealand Government established the Queenstown Reserves Vesting & Empowering Act 1971. The reason behind establishing this piece of legislation stems from the Council's refusal to grant any further building permits until the Government supported with the unreasonable cost for providing infrastructure to support tourism in the region.
2. As a result of the passing of this Act, 40.47 hectares of land known as The Commonage, was entrusted to the Queenstown Borough Council (now formally known today as Queenstown Lakes District Council).
3. The proposed purpose of The Commonage was to create new developments to fund infrastructure, as well as new reserve land vested in the Council and other reserve land vested in the Department of Conservation (DOC).
4. Most of the land was developed during the periods of 1975 – 2002, providing residential dwellings across Belfast Terrace, Kent Street, Manchester Place, Edinburgh Drive and Vancouver Drive areas.
5. In 2004, a review was completed on the next and probable final stage of the development of the Commonage Lands. The resolution of this review was that the site off Vancouver Drive was the most appropriate area for development. The land off Kerry Drive was stricken off, given its attractive visual appearance.
6. In August 2005, Council formally requested approval to the Department of Conservation (DOC) of its request to land swap, which was approved in February 2008, however noted a potential inequity of exchange. Later, an agreement was made to consider this as a 'nil consideration'.
7. Final approval from the DOC to transfer the land was received in October 2013. This enabled Council to undertake the resource consenting and legal transfer process, which was completed in October 2016.

Past Attempted Sale

10. At a Full Council Meeting on 28 September 2017, an agenda item, with the purpose of considering the disposal of the Commonage Development Block was considered.
11. After consideration of the report, the Council resolved:

On the motion of the Mayor and Councillor MacDonald it was resolved that the Council:

1. **Note the contents of this report.**
2. **Approve the intention to dispose of land known as the Commonage, comprised of land with legal descriptions Lot**

1 DP 496901, Part Lot 1 DP 21736, Section 2 SO 503041, as market conditions allow.

- 3. Approve the land being declared as surplus and to be sold in accordance with the Property Sale and Acquisition Policy 2014, giving public notification.**
 - 4. Approve recording the land as being surplus in Council's next ten-year plan 2019-2029, if for some reason the sale should not conclude before the new plan commences.**
 - 5. Appoint a Governance Steering Group to oversee the sale, comprising the Mayor, the Chief Executive, and General Manager Property and Infrastructure.**
 - 6. Delegate final terms and conditions along with sale approach, appointment of real estate agency, negotiation of sale price, placement of any easements or covenants and signing authority to the Chief Executive of Council.**
 - 7. Defer approval of final sale price to a further report back to this Council, prior to any agreement becoming unconditional; and**
 - 8. Agree that a limited public statement be made on the resolution, but that the full report and resolution remain public excluded.**
12. The outcome of the Full Council meeting resulted in Council running a Request for Proposal (RFP), which sought real estate agencies to assist with disposing of the site. Following the evaluation process, a joint agency proposal by Jones Lang LaSalle (JLL) and Luxury Real Estate was selected to list the property. Their roles in the disposal commenced on the 1 January 2018.
13. In April 2018, a market valuation was conducted by Colliers.
14. The tender launched on the 3 March 2018 and closed on the 3 May of the same year. 5 submissions were received, as well as interest from 81 different entities. Following a thorough evaluation process, a Full Council report was submitted to approve the disposal of the land for an amount at or above the current valuation amount. This will be publicly excluded from this report.
15. A contract was drafted between Council and a vendor to dispose of The Commonage. However, the sale was not completed, as the international purchaser was unable to provide the money at the time of settlement.

Disposal Update

16. The September 2017 Council resolution has been partially acted on. While the sale process at the time was not successful, the land was declared surplus and has been recorded in Council's Ten-Year Plan 2021 – 2031 as being surplus to Council's needs. Based on that, Staff have recently initiated the process again to look at disposing of the block.
17. As of June 2023, Andrew Hyndman of Q Properties completed an updated valuation on The Commonage Development Block. This valuation can be found in **Attachment A** of this report, which is a publicly excluded.
18. The current zoning of The Commonage Development Block is Medium Density Residential (MDR). This allows for increased housing density to a scale of 1 residential unit per 250m².
19. This report is recommending that The Commonage be put back on the market for disposal. As part of the sales process, Wynn Williams have been engaged to act on behalf of Council.
20. As the previous resolution occurred on September 2017, this paper seeks to re-confirm Council's intention to dispose of The Commonage Development Block.
21. Further, this paper is seeking to reconfirm the membership of the Governance Steering Group, to oversee the sale as being the Mayor, the Chief Executive, and General Manager Property and Infrastructure.
22. It is expected that a real estate agent will be selected, and the Commonage will be publicly advertised for sale within the next 6 months. The intent is for the disposal to be complete within the current financial year. However, given the value of this development block we recommend delegations associated with this disposal end on 30 June 2025.

Options | Kōwhiringa

23. **Option 1: Reconfirm the Council's decision to dispose of The Commonage Development Block Commonage and reconfirm the Governance Steering Group to oversee the disposal process**

Advantages:

- The sale is consistent with the previous Council decision to dispose of the Commonage and the sale proceeds will provide funding as per the Council's Long Term Plan;
- The appointment of group members will provide a streamlined decision-making process for the disposal process.

Disadvantages:

- No appointment of the group would mean all decisions will need to go before Full Council, which may result in major delays to the disposal process.

24. **Option 2: Reject the proposal to dispose of The Commonage Development Block Commonage**

Advantages:

- None to note.

Disadvantages:

- The anticipated funding, from the disposal of the Commonage land and as shown in the Council's Long-Term Plan would not be provided.
 - Delays to the appointment of Group Members has potential to impact the sale of The Commonage, a portion of land Council has been trying to dispose of for almost five years.
25. This report recommends **Option 1** for addressing the matter because it will ensure timely decision making, deliberation and subsequent reporting to Full Council by Group Members with appropriate expertise and experience.

Consultation Process | Hātepe Matapaki

Significance and Engagement | Te Whakamahi I kā Whakaaro Hiraka

26. This matter is of medium significance, as determined by reference to the Council's Significance and Engagement Policy because disposal of this land is likely to be of considerable value to the district (the district, as well as its ratepayers).

Risk and Mitigations | Kā Raru Tūpono me kā Whakamaurutaka

27. This matter relates to the Community & Wellbeing risk category. It is associated with RISK00009 within the QLDC Risk Register. This risk has been assessed as having a high inherent risk rating. This matter is related to this risk because there is a current need for development for the community and the housing crisis, currently taking place in Queenstown.

Financial Implications | Kā Riteka ā-Pūtea

28. As part of the Ten Long Term Plan (LTP), Council hope to use the proceeds from the disposal of The Commonage to pay off debt accumulated in recent years. Therefore, the disposal of The Commonage is critical to Council.

Council Effects and Views | Kā Whakaaweawe me kā Tirohaka a te Kaunihera

29. The following Council policies, strategies and bylaws were considered:
- a. Property Sale and Acquisition Policy 2014 – Consistent with the principles, responsibilities and policies set in the policy. Council is specifically tasked under principle 10 to 'Maximise Value' for the benefit of ratepayers.

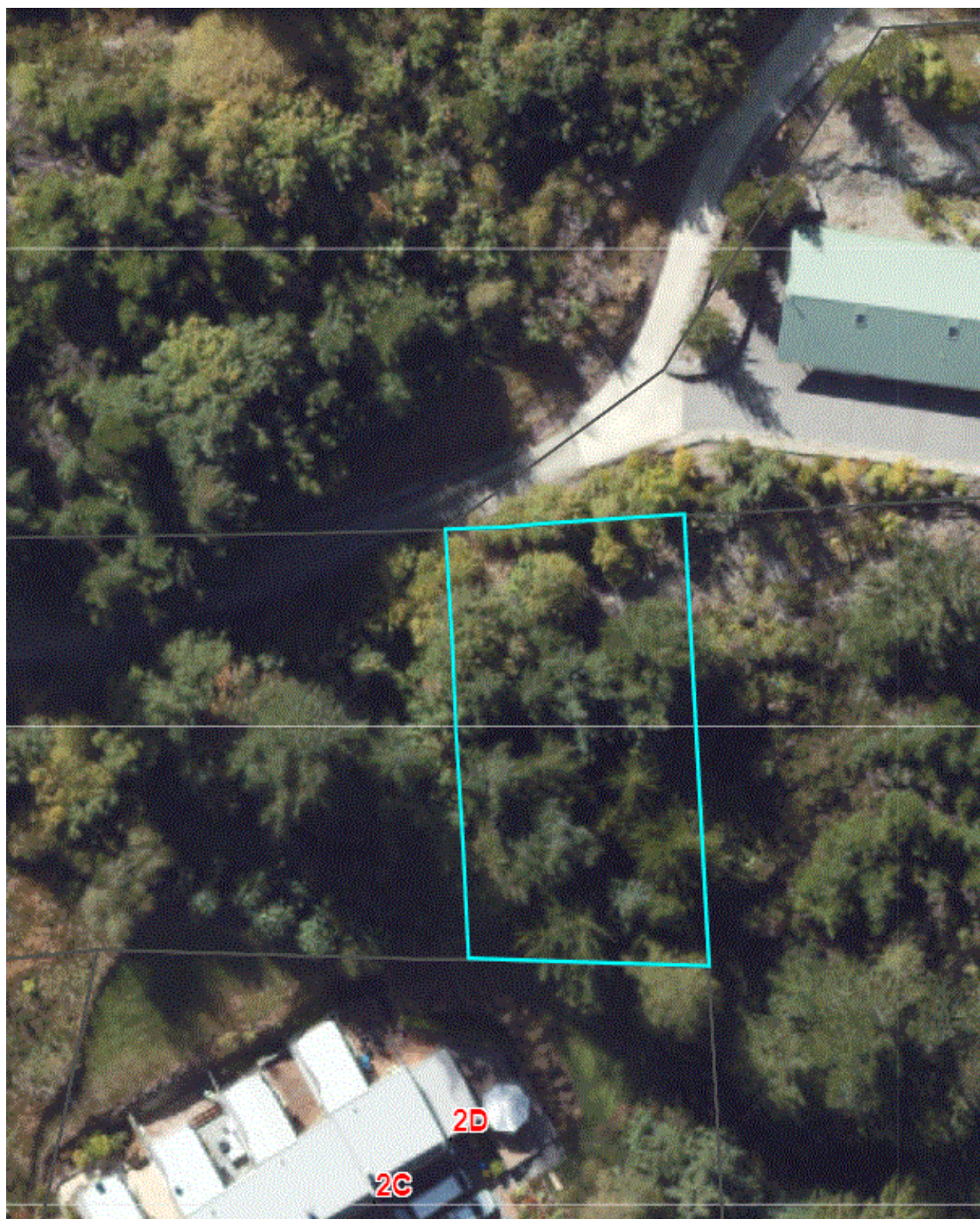
b. Significance and Engagement Policy, 2021 – Considered a matter of medium significance in terms of this policy. This is because whilst it does not impact a Council strategic asset, it is expected to create a community interest, and has the potential to help alleviate local residential housing shortages.

30. The recommended option is consistent with the principles set out in the named policies as discussed above.

31. This matter is included in the 10-Year Plan/Annual Plan.

Attachments | Kā Tāpirihaka

A	Valuation Report completed by Andrew Hyndman of Q Property, 8 June 2023 (publicly excluded part of this report)
B	Aerial Photography of The Commonage Development Block



Part Lot 1 DP 21763



Section 2 SO 503041