

QLDC Council
24 August 2016

Report for Agenda Item: 6

Department: Property and Infrastructure

Stopping and Sale of Road Reserve – Glenda Drive

Purpose

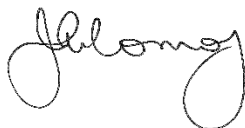
The purpose of this report is to consider amending the purchase price for stopped road at Glenda Drive and Hardware Lane at Frankton to account for a reduced land area following cadastral survey.

Recommendation

That Council:

1. **Note** the contents of this report;
2. **Approve** an adjustment in the purchase price for Section 1 and 2 SO 495820 to be sold to Reavers NZ Ltd for \$136,270.60 plus GST if any and less costs.

Prepared by:
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Property Advisor – APL

28/07/2016

Reviewed and Authorised by:
Peter Hansby



General Manager, Property &
Infrastructure

9/08/2016

Background

- 1 The layout of Glenda Drive has changed at the State Highway 6 intersection following the completion of the main Shotover Park roundabout earlier this year. This has meant that areas of legal road shown in blue and green on the plan attached as Attachment A are no longer required as road or for any other Council purpose.
- 2 The adjoining property owner, Reavers NZ Ltd, have expressed a desire to have the road stopped so that they can purchase this land and incorporate it into their property.
- 3 This request was considered at the 26 November 2015 Council meeting, where the following resolution was passed:

On the motion of Councillors Cocks and MacLeod it was resolved that the Council:

- 1. Note the contents of this report;**
- 2. Approve initiation of the procedures of section 342 and the tenth schedule of the Local Government Act 1974 to stop that portion of legal road shown on the attached Aurum Survey plan as sections 1 and 2 with a total area of 0.1360 hectares;**
- 3. Approve the road, when stopped, being disposed of in accordance with section 345 (1)(a) of the Local Government Act 1974 and amalgamated with the adjoining land held in Computer Freehold Register 137494 and 137497;**
- 4. Approve Council's costs in undertaking the Tenth Schedule procedures if the Local Government Act 1974 will be billed and paid on a monthly basis by the applicant with those costs being deducted from the value of the stopped road; and**
- 5. Approve the conditional sale of the stopped portion of legal road shown on the Aurum Survey Plan as sections 1 and 2 with a total area of 0.1360 hectares to Reavers NZ Ltd for a purchase price of \$143,000 (plus GST if any) less costs, with settlement to occur before 30 June 2017; if settlement is delayed beyond this date, Council to reserve the right to revalue the land and nominate a new 'market' purchase price.**

Comment

- 4 Following completion of road and footpath layouts, the road to be stopped has been surveyed as Section 1 & 2 on SO 495820. Road stopping procedures have been completed with no opposing submissions received from the public notice and freehold title has now issued to Council for the land.
- 5 The approved survey plan resulted in the area of stopped road available for sale measuring 0.01296 hectares. This area is 64m² less than the area which was assessed prior to completion of the final survey.
- 6 The purchase price of \$143,000 plus GST (if any), that was approved by Council, was based on a valuation completed for a total land area of 0.1360 ha.
- 7 The applicant has requested the purchase price be adjusted on a pro-rata basis to allow for the reduced land area which is available. The adjusted price would be \$136,270.59 plus GST (if any) less costs, equating to a reduction in price by \$6,729.41.

- 8 The registered valuer who acted for the Council has been consulted regarding the request from Reavers NZ Ltd. He is of the opinion that the request to make a pro-rata adjustment, to account for the lesser land area, is generally standard practice in such situations and had no concerns with the proposal from a valuation perspective.
- 9 We note the original Council approval provided for settlement to occur before 30 June 2017 at the valuation which had been assessed. Council reserved the right to revalue the land and nominate a new market purchase price following this date.

Options

- 10 This report identifies and assesses the following reasonably practicable options for assessing the matter.

- 11 Option 1 Decline the request

Advantages:

- 12 May result in an increase of revenue for Council of \$6,729.41 plus GST (if any) if the applicant agrees to continue with the Sale and Purchase.

Disadvantages:

- 13 Reavers NZ Ltd may object and not proceed with the Sale and Purchase of the land, this would result in a loss of potential revenue.

- 14 Option 2 Accept the request to adjust the purchase price on a pro rata basis.

Advantages:

- 15 The decision will be acceptable to Reavers NZ Ltd and help ensure the sale proceeds.

Disadvantages:

- 16 Council will accept a reduction of \$6,729.41 plus GST (if any) from the proceeds of sale.

- 17 This report recommends **Option 2** for addressing the matter because it will ensure the land sale is concluded, thus generating funds of \$136,270.60 plus GST but less costs, and ensuring there are no on-going maintenance costs.

Significance and Engagement

- 18 This matter is of low significance, as determined by reference to the Council's Significance and Engagement Policy because the issue relates to roads, identified as a strategic asset. In this case the significance is medium because the portion of road to be stopped will no longer be required for transport purposes once the realignment project is completed. The intention to stop legal road was publicly notified and so interested parties had the ability to participate in the process.

Risk

- 19 This matter relates to item SR3, working within legalisation as documented in the Council's risk register. The risk is classed as moderate. This matter relates to this risk because stopping roads must follow the process detailed in the Local Government Act.
- 20 This report addresses the risk by seeking a Council resolution to stop the road, enabling the correct process to be followed.

Financial Implications

- 21 Road stopping costs have been invoiced to the applicant monthly and will be deducted from the final purchase price. The decision to adjust the purchase price will result in a reduction of \$6,729.41 plus GST (if any) in the proceeds of sale.

Council Policies, Strategies and Bylaws

- 22 The following Council policies, strategies and bylaws were considered:

- Property Sale and Acquisition Policy 2014

- 23 The recommended option is consistent with the principles set out in the named policy/policies. Any land that is no longer required for Council's core purpose or function should no longer be held (principle 1) and policy 3(b), property should be report to Council for disposal if "part of a site is attractive to a interested party (eg, adjoining landowner has signalled their interest in purchase the land) and the part concerned is not required for Council/Community use.

- 24 This matter is not included in the 10-Year Plan/Annual Plan because the road stopping was not contemplated at the time the plan was written. It will result in positive income that was not budgeted.

Local Government Act 2002 Purpose Provisions

- 25 The recommended option:

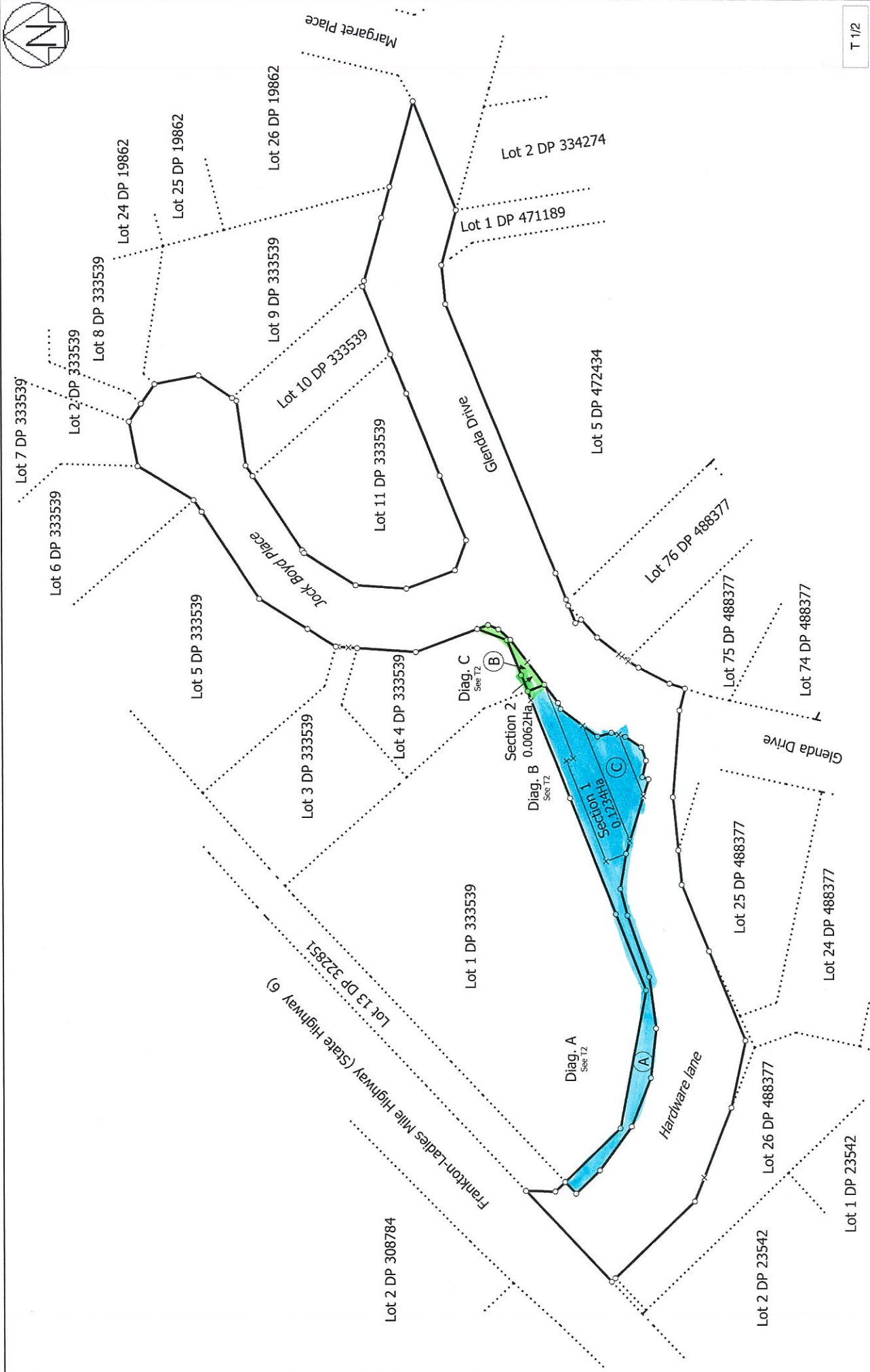
- Will help meet the current and future needs of communities for good-quality local infrastructure, local public services, and performance of regulatory functions in a way that is most cost-effective for households and businesses by ensuring Council does not own or maintain land that is not required, and obtains income from the sale of that land;
- Can be implemented through current funding under the 10-Year Plan and Annual Plan;
- Is consistent with the Council's plans and policies; and
- Would not alter significantly the intended level of service provision for any significant activity undertaken by or on behalf of the Council, or transfer the ownership or control of a strategic asset to or from the Council.

Consultation: Community Views and Preferences

26 The public have been consulted on the road stopping via public notification, with no opposing submissions received.

Attachments

A Stopping and Sale of road reserve Glenda Drive – Survey Plan



T-1/2

Title Plan
 SO 495820
 Approved on: 29/03/2016

Surveyor: Bruce Allan McLeod
 Firm: Aurum Survey Consultants Ltd (Quee

Sections 1 and 2

Land District: Otago
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