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Corporate Plan Output: Sale of Surplus Property	

The purpose of this report is to review the surplus property budget for the remainder of the 1999/00 financial year.

**BACKGROUND**

A report was presented to the September meeting on progress with the sales of surplus property for the 1998/99 and 1999/2000 financial years. As mentioned in that report, the surplus property disposal programme had been developed from a review of holdings undertaken in the early 1990s. A number of properties have been sold, with those that remain containing a number of complexities and challenges. Dealing with these issues and the property market downturn has not been adequately anticipated or budgeted for, hence the need for this review of those surplus properties contained within the Annual Plan.

It is worth mentioning at this point that there have been some properties listed in the Annual Plan which have been retained for Council use, namely:

<b>Property</b>	<b>Budgeted Amount</b>	<b>Reason For Retaining</b>
Clifton Terrace	\$100,000	This site was retained for development into a neighbourhood reserve.
Wilmers Road	\$100,000	A portion of this site was retained for development of the Owaka Pond.
Ferrymead land	\$250,000	Portions of the surplus Ferrymead land have been set aside for Parks and Water Services Units' use, with the balance able to be developed jointly with Water Services.
<b>Total</b>	<b>\$450,000</b>	

**REVISED SURPLUS PROPERTY BUDGET**

Tabled with this report is a detailed programme outlining the process for attending to the potentially surplus properties currently contained in the annual plan for the next 18 months and listed later in this report. The steps in the process are based upon the "Property Decision Making Flowchart" as adopted by the Council as policy. We recognise the importance of the Annual Plan and the necessity to achieve budget, and for this reason will report quarterly to this Committee with regard to progress against the programme presented here.

The various tasks of the timelines are explained in more detail as follows:

**Status Report and Circularisation**

This is the circulation of an internal memorandum advising other Council units of the availability of a potentially surplus property. The status report contains a number of details with regard to the property, including legal description, area and description etc and includes a plan and photograph of the property.

Internal units of the Council respond to the circular by advising if they have any interest in this property being retained. The response time, as indicated in the timeline, is 30 days.

### **Collation of Data**

This aspect of the timeline deals with the collation of the responses from internal units of the Council from the circularisation notice. We have allowed ourselves seven days for attendance to this.

### **Submissions from Registrants**

Should any internal units of the Council register an interest in the property circularised they will be requested to formalise their submission through providing specific details relating to plans, budget matters and the specific purpose for which they wish the property to be retained. The response time to have the submissions lodged with the Property Unit is a 60 day period.

### **Options Report**

In an instance where an internal unit registers an interest and provides a formal submission, the Property Unit then prepares an options report for Council consideration. This report is a balanced and objective view dealing with the reasons the internal unit of the Council wishes to retain the property and includes a cost benefit analysis, valuation and other financial issues.

Included also is the Section 230 resolution under the Local Government Act 1974 which is a statutory requirement necessary before a local authority can dispose of property. A requirement of Section 230 is that public notification of the Council's intention to sell is made giving the right for any member of the public to comment.

### **Council Resolution**

A Council resolution is then obtained through the Projects and Property Committee. Timing is dependant upon the meeting cycle.

### **Marketing Plan**

Assuming the Council resolves to sell a property then a marketing plan is established and a period of 30 days has been allowed for this.

### **Actual Marketing**

An actual marketing period of 60 days is considered appropriate.

### **Evaluation of Offers**

A 30 day period within which to consider offers is considered appropriate.

## Lead Time for Council Meeting

In the event of a number of tenders being received for a property, or other offers from whatever marketing was established, there is likely to be a need to report further to the Council to obtain a decision.

The balance of the tasks in the timeline are associated with the settlement of any contract.

The following table of surplus properties indicates the current Annual Plan budgeted amount and now incorporates a review of this budgeted amount and a review of the budget year within which it is considered income will now be received. The assumptions of programme and value contained in this report are currently being incorporated in the development of budgets for 2000/01. Appropriate explanations are included for the alterations proposed.

Property	Annual Plan Budgeted Amount	Review of Budgeted Amount	Review of Budget Year
Miscellaneous:			
Stags Head Inn	\$750,000	NIL <sup>1</sup>	
105 Philpotts Road	\$200,000 <sup>2</sup>	\$100,000	2000/01
Clifton Terrace	\$109,000	NIL <sup>3</sup>	
Clearbrook Street	\$55,000	\$55,000	2000/01
Former New Brighton Library	\$100,000	\$150,000	1999/00
Sockburn Service Centre	\$450,000	NIL <sup>4</sup>	
Chemfreight site	\$200,000	NIL <sup>5</sup>	
Hazeldean Road	\$100,000	\$90,000	1999/00
Brewers Arms Car Park	\$45,000	NIL <sup>6</sup>	
Wilmers Road	\$100,000	\$50,000 <sup>7</sup>	2000/01
Huntsbury Spur	\$450,000	\$450,000 <sup>8</sup>	1999/00
Woodham Road	\$350,000	\$250,000 <sup>9</sup>	1999/00
Owles Terrace Yard	\$600,000	\$600,000 <sup>10</sup>	2000/01
Tuam Street Car Park	\$200,000	\$2,000,000 <sup>11</sup>	2001/02
Kennedys Bush Road	\$500,000	\$500,000	2000/01
Ferrymead	\$250,000	\$165,000 <sup>12</sup>	2000/01
<b>TOTAL</b>	<b>\$4,459,000</b>	<b>\$4,410,000</b>	

<sup>1</sup> Due to title and consent complications a working party has been established to look at development options for this land and to view land holdings in this area. It is difficult at this stage to predict when or if the budget will be met. The Property Unit will report further with regard this property.

<sup>2</sup> This land is zoned predominantly rural and requires a management plan to be developed to deal with this land. It is more likely to be next financial year before any sale of this land occurs.

<sup>3</sup> This property was retained by the Council for the development of a small neighbourhood reserve.

<sup>4</sup> This property was previously Crown-owned land and has potential difficulties with regard to sale involving reserve classification and possible offer back to Ngai Tahu. The programme indicates an option report being presented to the Council in August 2000.

<sup>5</sup> This is a leased site and regrettably the Council's interest in this lease has no value.

<sup>6</sup> This land will now be retained in Council ownership.

<sup>7</sup> A portion of this land has been retained by the Water Services Unit for the development and further expansion of the Owaka pond.

<sup>8</sup> These lots are currently being tendered and it is anticipated that the budgeted sum will be achievable this financial year.

<sup>9</sup> Sale of this property is currently tied up in a Section 40 (offer back) claim under the Public Works Act. Proof as to successor in this title is currently being worked through, but should be resolved for a sale to occur in this financial year.

<sup>10</sup> A management plan is to be developed over the next few months to deal with this land, which will outline a programme for the Council to meet its budget projection. It is unlikely that there will be any income from the sale of this land in this budget year, however.

<sup>11</sup> Matters associated with this site are likely to be reported in some form to the Council in this financial year. It is unlikely, however, that there will be any sale in this budget year.

<sup>12</sup> The area of land at Ferrymead which is available for sale/lease has a market value in the vicinity of the figure budgeted. It is possible however, that this land may be leased rather than sold, in which case the capital sum allowed for in the budget would not be realised.

## **SUMMARY**

It should be noted that the properties listed above are only those listed in the Annual Plan. There are a number of other projects that come up from time to time which are outside the scope of the Annual Plan, but will be incorporated in future quarterly reports as they arise.

Please note that the above sums are revenue figures only, and have not included any costs to develop each property.

As reported in August this year on a net basis (sales revenue less development costs) the budget figure was \$3,449,000 with actual revenue being \$1,100,597.

The Committee **received** the report.