

<b>Officer responsible</b> Property Manager	<b>Author</b> Property Projects Officer, Steve McCarroll
Corporate Plan Output: Sale of Surplus Property	

The purpose of this report is to seek the Council's approval for the sale of a property situated at the above address, which has been identified as surplus to requirements.

The availability of this property has been circularised under the property decision-making flow chart with no interest being expressed in its retention.

#### PROPERTY DETAILS

The property is situated in Sydenham and is a light industrial lot, zoned Business 3 in the Proposed City Plan. The property has a 100 square metre industrial building of concrete block construction built in approximately 1960.

The Government Valuation is \$98,000 comprising \$72,000 land and \$26,000 buildings. The Title reference is 6C/543 and it has a land area of 718m<sup>2</sup>. It is a rear site, currently rented to D and A Engineering for an annual rental of \$6,000 plus GST.

#### CURRENT SITUATION

The lessees of this property have expressed their desire to negotiate directly with the Council with a view to possibly purchasing this property. They have been operating from the property for approximately seven years and do not wish to be faced with the possibility of having to relocate and find alternative premises. The Council policy with regard to the disposal of property states: *"that in principle, the Council should publicly tender properties for sale unless there is a clear reason for doing otherwise"*.

A disposal direct to a lessee has occurred in the recent past, in particular when the Council resolved to sell a property in Wairakei Road last year direct to the lessees as they had been operating their business from the premises for some years. In that case the tenant owned the improvements and had established a joinery business as part of the former Waimari District Council's programme to support new business ventures in the mid-1980s. The Council owned the land only.

The situation here is no different, in that it is considered appropriate to seek the Council's authority to negotiate directly with the lessee with regard to the sale of this property and, in the event of negotiations being unsuccessful, then the property would be tendered on the open market for sale.

Should the Property Unit be successful in negotiating a sale direct to the lessee, there are a number of cost and other advantages, namely:

- a saving of legal fees in the preparation of the tender documents, estimated at \$2,000
- no time delays should a tender be unsuccessful and no holding costs for a marketing period likely to be three months, estimated at \$3,000
- no agency fees, which are estimated at \$3,500, in the event of an unsuccessful tender
- decreased staff time
- no emotional stress for the lessee (a small business) in having to consider relocating and finding alternative premises

The Council's Annual Plan for 1999/000 has a budget of \$100,000 for the sale of this property.

#### **PUBLIC WORKS ACT**

There is no obligation on the Council to offer this property back to the former owners under Section 40 of the Public Works Act.

#### **ROAD RESERVE**

It can be seen from the plan attached that a portion of road reserve is present at the front of the site. It is necessary to pass a resolution under Section 111 of the Reserves Act to set aside this land as legal road.

#### **VALUATION**

A current market valuation from an independent registered valuer has been obtained, the details of which are included in the report in the public excluded section of this meeting.

It is considered that should an offer from the existing lessees be in excess of the amount assessed by the Council's independent registered valuer, then this should be accepted.

- Recommendation:**
1. That delegated authority be given to the Property Manager to negotiate a sale of the property at 176 Hazeldean Road, directly with the existing lessee, at a price between the values assessed by valuers acting for the lessee and the independent valuer acting for the Council.
  2. That in the event of an unsuccessful negotiation as stated in recommendation 1 above, the property be tendered on the open market for sale and the Property Manager be delegated authority to conclude this at a reserve price not less than the sum assessed by the Council's independent registered valuer.
  3. That the area shown as road reserve on Certificate of Title 6C/543 be set aside for road under section 111 of the Reserves Act.

#### **Chairman's**

**Recommendation:** That the above recommendation be adopted.