

5. DISPOSAL OF SURPLUS PROPERTY

RR 10667

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Corporate Plan Output: Sale of surplus property	

The purpose of this report is to update the Committee on progress with the sale of surplus property in the financial year 1998/99 and to forecast the sales for the 1999/2000 year.

BACKGROUND

The 1998/1999 and 99/2000 Annual Plans provide for net revenue of \$3,449,000 and \$1,643,200 respectively from surplus property as indicated below.

Revenue from Sales

	1998/1999	1999/2000
Miscellaneous property	\$1,850,000	\$725,000
Huntsbury Spur	\$450,000	-
Woodham Road	\$350,000	-
Owles Terrace Yard	\$600,000	\$600,000
Lyttelton Street Yard	\$200,000	-
Tuam Street Car Park	\$200,000	\$200,000
Kennedys Bush Road	\$500,000	\$500,000
Ferrymead Land	\$250,000	\$250,000
Total revenue	\$4,550,000	\$2,275,000

Less Expenditure for Development

	1998/1999	1999/2000
Miscellaneous property	\$141,000	\$163,800
Huntsbury Spur	\$90,000	-
Woodham Road	\$100,000	-
Owles Terrace Yard	\$431,000	\$300,000
Lyttelton Street Yard	\$21,000	-
Kennedys Bush Road	\$233,000	\$100,000
Ferrymead Land	\$85,000	\$68,000
Total revenue	\$1,101,000	\$631,800
NET REVENUE	\$3,449,000	\$1,643,200

CURRENT SITUATION

A surplus property budget was developed for the five-year period commencing in 1997. The author is now more familiar with the properties involved and considers this year an appropriate time to scrutinise and readdress more closely those properties included in the budget. There are a number of instances where the amounts budgeted for will not be achieved and others where the amount budgeted in the 1998/1999 financial year will need to be carried forward into future financial years.

More specific details in relation to each property is detailed as follows:

Huntsbury Spur

In the 98/99 budget the sum of \$450,000 was budgeted for the sale of sections in Huntsbury Spur. These lots are currently being tendered and it is anticipated that the above budgeted sum will be achievable this financial year. The budget provisions have been carried forward to 1999/2000.

Owles Terrace

In the 1998/1999 budget year a cost provision of \$431,000 has been allowed for development with revenue of \$600,000. A further \$1,200,000 has been budgeted for over the next two year period for the sale of sections from the land zoned Living 1.

This property has previously been used as a Council yard but has not been required for this purpose for some time. With the changes to the zoning in the new city plan an area of the site has been zoned Living 1. Some form of residential development on this part of the land is now possible with recreational use on the balance.

There are a number of interest groups who are considered to be stakeholders in this property. A management plan will be developed over the next few months to deal with this and outline a programme for the Council to meet its budget projections.

Lyttelton Street Yard

This site was sold in the 98/99 financial year for \$450,000.

Tuam Street Car Park

An amount of \$200,000 has been allowed for in the 1998/99 budget for the sale of this lot. Land issues associated with this car park are still being considered. It is unlikely that sale in this budget year will be achieved. This is a strategic parcel of land and it is difficult to predict when it may be developed further. Due to issues associated with the Bus Interchange and a review of the future of the Civic Offices this site is likely to be the subject of a report to the Council in this financial year.

Kennedys Bush Road

Provision of \$100,000 has been set aside for the development of this parcel of land with \$500,000 set aside for revenue in the 1998/99 financial year.

A management plan that includes a significant area of planting has recently been completed and it has therefore only recently been established which portion of land is surplus to requirements. Initiation of the Council policy to deal with this will now occur in the 1999/2000 year with development/revenue more likely to arise in 2000/20001.

Ferrymead

A revenue amount of \$250,000 has been allowed for in the 1998/99 budget. Land issues associated with Ferrymead are progressing well at present but it will be this financial year (1999/2000) before the sale or lease of any land occurs. A separate report with regard to land issues at Ferrymead has been presented to the Property & Projects committee this month.

MISCELLANEOUS SURPLUS PROPERTIES

The following comments are made with regard to a number of properties that exist within the miscellaneous surplus property budget.

Details are as follows:

Chemfreight Site

This particular site is the old Riccarton Borough Council workshop space in Blenheim Road. The Council has a lease on this site from Ngai Tahu and sub-leases the area to the adjoining Placemakers operations.

An amount of \$200,000 has been allowed for in the 98/99 budget for the possible sale of the Council's interest in this land. Regrettably the Council's interest in this lease has no value. It is still our intention with this lease to mitigate the Council's liability by negotiating a surrender with Ngai Tahu. The budget will not be met in regard to this property.

105 Philpotts Road

This is a large area of predominantly rural zoned land. An internal circularisation process has occurred under the property decision making flow chart with some internal units advising that this land should be held by the Council until future growth options are considered for this area. These units are now proceeding to prepare more detailed submissions to justify their comments and should there be any land for sale it will most likely occur in this financial year (1999/2000).

The sum of \$200,000 had been allowed for in the current budget with \$20,000 allowed for development costs.

Stags Head Inn

The sum of \$750,000 has been allowed for in the 98/99 budget for the sale of this land. Due to title and consent complications a Working Party has been established to look at development options for this land and to review land holdings in this area. It is difficult at this stage to predict when or if the budget will be met. In the mean time the holding rent provides a satisfactory return on capital.

Wilmers Road

This matter has recently been reported to the Riccarton/Wigram Community Board and the Projects and Property Committee. The Water Services Unit expressed an interest in this property for the development and further expansion of the Owaka Road pond and it was resolved that this was the most appropriate use for the land. This land will not be sold therefore and the sum of \$100,000 currently appearing in the 1998/99 budget will obviously be foregone.

Brewers Arms Car Park

The above property is a car park leased to the adjoining Brewers Arms Tavern in the Ferrymead area.

The sum of \$45,000 has been allowed for in the budget for the possible sale of this land. Through the circularisation procedure under the property decision making flow chart it has been established that it is in the Council's best interest to retain this land because of future esplanade reserve issues and the possible widening in time of the Ferrymead bridge. It is therefore considered appropriate that the Council retain control of this land and that it should be removed from the land identified as being surplus property list. A Council resolution needs to be obtained with regard to this issue. A report will be presented in October.

Clifton Terrace

A site on the corner of Clifton Terrace and Panorama Road appears in the surplus property budget with the sum of \$100,000 being allowed for in the 1998/99 budget.

As a result of the circularisation procedure under the property decision making flow chart it was apparent that the Hagley/Ferrymead Community Board had an interest in this site for the development of a small neighbourhood reserve. This has progressed further and through public consultation has been confirmed as the most appropriate use for this site and development of this for this purpose will occur shortly. A Council resolution needs to be obtained for this land. A report will be presented in October.

Sockburn Service Centre Land

The sum of \$450,000 revenue and \$50,000 costs has been allowed for in the 1998/99 budget for this land.

There are a number of complicated issues associated with the sale of this land and it is considered more appropriate to report this matter at a later date to the Projects and Property Committee.

Hazeldean Road

The sum of \$100,000 revenue with \$5,000 cost has been allowed for in the 1998/99 budget for the above property.

This property has recently been circularised under the property decision-making flow chart with no interest expressed in its retention. A separate report is to be presented to this committee in October seeking authority to sell this property by tender. We are hopeful of realising the revenue this financial year 1999/2000.

90 Cuffs Road

The sum of \$100,000 revenue with \$5,000 cost has been allowed for in the 1998/99 budget year.

This property sold for the sum of \$80,000 in the 1999/2000 financial year.

Woodham Road

Sale of this property is currently tied up in a Section 40 “offer back” claim under The Public Works Act, proof as to successors in title is currently being worked through, we hopeful of resolving this and achieving sale in this financial year.

SUMMARY

Net Development Revenue 1998 /1999			
	Actual	Budget	
Misc & Surplus property	-\$511,591	-\$1,709,000	-\$1,197,409
Huntsbury	-\$237,322	-\$360,000	-\$122,678
Woodham Road	\$760	-\$250,000	-\$250,760
Owles Terrace Yard	\$0	-\$169,000	-\$169,000
Lyttelton Street Yard	-\$352,444	-\$329,000	\$23,444
Tuam Street Car Park	\$0	-\$200,000	-\$200,000
Kennedys Bush Road	\$0	-\$267,000	-\$267,000
Ferrymead Land	\$0	-\$165,000	-\$165,000
Total revenue	-\$1,100,597	-\$3,449,000	-\$2,348,403

CONCLUSION

The annual plan and budget for disposal of surplus property has not been met. In our defence it must be recognised that we are at the end of a surplus property disposal programme developed from a review of holdings undertaken in the early 1990's. Accordingly the “eyes have been picked out”; those that remain contain a number of complexities and challenges. Dealing with these issues and the property market down turn has not been adequately anticipated or budgeted for.

We recognise the importance of the annual plan and the necessity to achieve budget. Therefore to be “SMART” (Specific, Measurable, Achievable, Realistic, Timely) we are carrying out a review of the budget for the remainder of this financial year and next, to put forward a detailed “SMART” plan to the October meeting, which we will report against quarterly thereafter.

Chairman's

Recommendation: That the information be received.