

2. HUNTER TERRACE OPTIONS REPORT

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The purpose of this report is for the Council to consider options for use of the Council's land at Hunter Terrace and for a decision to be made on whether or not the property should be retained or declared surplus to operational requirements.

CONTEXT OF REPORT

The Hunter Terrace site is owned by the Christchurch City Council and incorporates the land formerly occupied by the Beckenham Service Centre (soon to be redeveloped for the South Christchurch Library), the City Water and Waste Unit. The entire site comprises some 3.3 hectares. This report relates to 1.3 hectares of this site which adjoins the Cashmere Club and has frontage to Hunter Terrace (refer attached plan).

The site was originally acquired for the purpose of a pumping station. Over the years this use has been consolidated with much of the site now lying idle. The Beckenham Service Centre is to be redeveloped in the north of the site incorporating a new library facility (South Christchurch Library and Service Centre) with the Water Services monitoring station and associated buildings existing to the west. The use of these buildings is a separate issue, which is to be addressed and reported to the Council separately.

This report considers the future options for the under utilised balance of the site following the library development and is seeking a decision from the Council on whether to retain or dispose of this portion of the site.

EXECUTIVE SUMMARY

The Council originally purchased the property from two vendors for the purposes of a pumping station and is now held by the Council for public works. Accordingly, if the Council decides that the property is no longer required, i.e. surplus for requirements, then the provisions of the Public Works Act 1981 will apply which include offer back of that surplus portion to the former owner(s) or their descendants.

A first step decision is being sought from the Council on whether or not to retain the site before working through the disposal process as this will be time consuming and costly in terms of consultants' fees.

Once this decision has been made further reports will follow as the process is followed through.

The future options for the property are:

1. Retention of land in council ownership for use as:

- (a) Open space
- (b) Land for a ground lease for development by a sporting organisation.
- (c) Future Council social housing.

2. Declare the Property Surplus:

- (a) Dispose of property via 'Offer Back' under Section 40 of the Public Works Act 1981.
- (b) Dispose of property through residential development.
 - (i) Development undertaken by Council, ie subdivision and sale of sections.
 - (ii) Selling block to a developer for private development.

RELEVANT CURRENT POLICY

There are policy and statutory issues relevant to this project.

1. Future use of properties that are no longer required for operational purposes must be determined in accordance with the 'property decision making flow chart'. The main steps in this process being:

- Step 1: That the property asset is no longer required for operational purposes or is under-utilised.
- Step 2: Assessment of the property, i.e. legal status.
- Step 3: Circularisation for the purpose of assessing other council/public uses.

Step 4: Property Unit assessment of submissions both internal/external and preparation of an options report.

Step 5: Council resolution on future use or sale.

2. That should the Council resolve to dispose of the property the Council should publicly tender unless there is a clear reason for doing otherwise. The property unit has always interpreted disposal as meaning sale or lease.
3. Section 230 of the Local Government Act provides a framework for Councils to sell land. This statute contains an obligation for Councils to publicly notify when they are considering the sale. This must be done 14 days prior to the Council meeting.
4. If the Council resolves that the property should be disposed of then Section 40 of the Public Works Act would provide for an offer back obligation to the former owner of the property. The process for working through this is time consuming and costly but essential in compliance with the Act.

DESCRIPTION OF PROPOSAL

The Hunter Terrace site is a complex site being originally acquired for the purposes of a pumping station and now being held by the City Council for a public work. The portion of the property to which this report relates has predominantly been left vacant apart from two active wells and the associated network of pipes. These pipes and wells can't be built over and any development would need to accommodate their continued presence.

Currently the property is predominantly vacant. The Cashmere Miniature Rifle Club has a range on the property with the ground being leased on a month-to-month basis. To date the Council has kept them informed of the process, which is being worked through.

A public BMX track is located adjacent to the Rifle Club. This track has no formal club affiliations and is utilised by local residents. Community consultation undertaken indicated that although usage was low, local residents would like this retained.

A concrete pipe rack is situated in the mid section of the property. It is not utilised and requires removal.

In accordance with the property decision making flowchart the availability of this property has been circularised around Council units (Step 3) with no internal use for the property identified. Externally, public consultation has been undertaken with a public meeting held back in March 2002. The conclusion of this meeting was a wish for public open space to be created. However, it was indicated to residents at the time that a mixed-use development could be undertaken which was considered acceptable as long as this was sympathetic to the river environment, and could cater to a number of needs.

ISSUES FOR CONSIDERATION

There are a number of options available for the balance land at Hunter Terrace, which is no longer required for operational purposes. The decision of which option should be pursued will result in different processes and costs of implementation. A 'first step' Council resolution is therefore required at this early stage. The potential options are:

1. **Retain the land in Council ownership and:**
 - (a) develop the land for open space (recreation reserve).
 - (b) provide a ground lease to a sporting organisation.
 - (c) develop Council social housing at some later date.
2. **Dispose of the land by**
 - (a) "Offer Back' under Section 40 of the Public Works Act 1981
 - (b) (i) Tendering the land on the open market for sale.
(ii) Council developing the property into residential sections for sale.

The financial analysis of the options is contained in the public excluded section of the agenda. Below is a summary of the implications of each option.

OPTION 1 – RETENTION OF PROPERTY

This option does not require offer back under the provisions of the Public Works Act or a Section 230 resolution under the Local Government Act.

These options are:

(a) Retain the land in Council ownership and develop for open space

Community consultation would suggest that this is the most favoured option by residents within the area.

However, Beckenham does not have a shortage of open space with 5.7% of its area in park not including the riverbank area. In addition to this it is in close proximity to Cashmere East, which has 57.7% park area (Port Hills).

Advantages	Disadvantages
In keeping with outcomes of community consultation.	Cost of development and future management not budgeted for.
The rifle club and BMX track could be retained as part of any development.	Unable to meet annual plan objectives.
The wells and pipelines can remain undisturbed and this use will not pose any risk of water contamination.	No identified demand.
May provide additional opportunities to deal with the hydrological issues pertaining to the Heathcote River.	

(b) Retain the land and provide a ground lease to a sporting organisation

Interest has been expressed from two sports groups who would be interested in developing facilities on the site. These groups are the Christchurch In Line Hockey Association and the South Christchurch Bowling Club. There may well be other groups who could utilise the site and it would be recommended that if this option was favoured then an Expression of Interest process be undertaken.

The two proposals received to date can be outlined as follows:

Christchurch In Line Hockey Association

The proposal received indicates the desire of the association to construct a dedicated facility on the Hunter Terrace land. Facilities within the city are limited and the Association believes this is inhibiting the growth of the sport. Currently the facilities utilised by the association are substandard and it has been difficult for them to host any national or international competitions.

This project would be undertaken via a joint venture development with the Council providing the ground lease and the In line Hockey Association constructing the facility, which they believe, will cost approximately \$1.5 million.

This association has registered interest in utilising the mezzanine floor at QEII. This option is currently being investigated but is unlikely to provide a dedicated facility.

Advantages	Disadvantages
<p>Fill a distinct need for In Line Hockey to have a dedicated facility.</p> <p>The rifle range could be incorporated and retained.</p> <p>Provide a world class facility which could attract high level events.</p>	<p>Unable to meet Annual Plan objectives.</p> <p>The rental achieved through a ground lease would not provide a good return to the property.</p> <p>Would necessitate the moving of wells and pipes at a cost to the Council as landlord.</p> <p>Under utilised Council facility already existing at QEII.</p> <p>The BMX track cannot be incorporated within this development.</p>

South Christchurch Bowling Club

This is a proposal by the South Christchurch Bowling Club for the development of an indoor and outdoor facility. The South Christchurch Bowling Club is an amalgamation of existing clubs including Beckenham, Barrington, St Martins, Spreydon and Opawa clubs. Four of these clubs currently have facilities on Council land and it would mean that these facilities would be abandoned and the leases relinquished. Consultation undertaken with the Parks and Waterways Unit would indicate that these abandoned sites would be retained as park land, and in most cases these facilities adjoin established reserves. Beckenham Bowling Club is an exception to this with a facility situated on a rear site considered unsuitable for a public park.

This facility could be redeveloped and would yield approximately nine residential lots. No feasibility work has been undertaken on this option to date.

A benefit of this development is the willingness of the South Christchurch Bowling Club to incorporate the Cashmere Miniature Rifle Club into this facility, once developed.

A report has been commissioned on the issue of well/water contamination. It is thought that irrigation of the greens and in particular the application of fertiliser on the grass could potentially contaminate the aquifers affecting water quality. Professional design advice would need to be sought in conjunction with any proposed development.

Advantages	Disadvantages
<p>The rifle range could be retained or redeveloped as part of the development.</p> <p>Annual Plan objectives could be met through the development of Beckenham Bowling Club into residential sections.</p> <p>Provide a world-class facility that is to include an indoor green.</p> <p>Rationalisation of clubs in this sector of the city. This would address the issue of diminishing member numbers.</p>	<p>The rental achieved through a ground lease would not provide a good return on the property investment.</p> <p>Would necessitate the moving of wells and pipes at a cost to the Council as landlord.</p> <p>Possible contamination of wells within the area.</p> <p>Very difficult to construct a facility on this site as there is limited open space, which is complicated by the wells and pipes in the area.</p> <p>Greens are costly to establish and it would not be viable to dig the greens to undertake maintenance, which would happen if not relocated sufficiently away from the development.</p> <p>The BMX track cannot be incorporated within this development.</p>

(c) **Future Development for Council Social Housing**

The site would have some merit in terms of its locational attributes including proximity to St Martins Shopping centre; on a bus route etc.

However, the Council has decided not to develop new social housing pending adoption of a new housing asset management plan. In addition to existing Council units the Council is also engaged in the social housing market through partnership arrangements with like minded providers. Given this background, development of the site with further Council social housing may not be seen as a preferred option.

OPTION 2 – DISPOSAL

In terms of disposal the Council has two options available, either to sell the block as a whole or to undertake the subdivision development work and sell the individual sections.

Before the Council could sell this block of land it must be declared operationally surplus. As this property was acquired under the Public Works Act the offer back to former owners or their successors is required.

To date work to ascertain who is entitled to the offer back right has not been undertaken. This work would take time and could result in relatively large consultancy fees. This option may not be necessary should the Council wish to retain the property as outlined above. Accordingly, Council officers have decided to seek a resolution on this first step i.e. retention or declaration that the property is surplus.

If declared surplus, and a party who is entitled to the offer back has been established, then the Public Works Act provides a timetable and process for sale to the descendants of the former owner that would still result in the Council receiving market value for the property.

In the event that the offer back is not exercised officers will bring a report back to the Council seeking a resolution on the options of a block sale or development of residential sections.

(a) Sale as a Single Block

This option proposes to sell the Living 1 zoned block, probably by way of tender, without any intensive subdivision or development by the Council.

Any purchaser would then be relatively free to develop the site in accordance with the Proposed City Plan rules.

With the network of pipes and operational wells on the property the Council would need to establish easements and restrictive covenants prior to the sale of the property.

Chris Freeman of the Parks & Waterways Unit comments *“the block should be sold for development but this should not be looked at solely on a financial basis, but an integrated design that benefits the community in terms of recreation is important, especially in this significant area which offers a community facility and the river corridor. It should be noted that any design on this block will result in the loss of the existing BMX track and therefore the community can reasonably expect that this will be replaced in some form within the area. This may not be as a BMX track but as some other community recreational facility which children can utilise”*.

Advantages	Disadvantages
Annual Plan objectives for the property could be met. Provides a solution to problems associated with the wells and pipelines, as these can be restricted in terms of development via the creation of easements. Little risk to the Council once block has been sold. A residential use would be consistent with the zoning under the Resource Management Act. No ongoing holding costs to the Council.	Does not meet the wishes of community consultation. However could be balanced with some open space created. The Council may not be able to control the development. The BMX track could not be accommodated within this option.

(b) Council to Develop and Sell Residential Sections

An indicative plan is attached for a 14 lot subdivision which would provide five sections having access from Hunter Terrace and a further nine sections with access from a cul-de-sac extending from the newly formed road to the south of the new South Christchurch Library facility.

In undertaking this development the Council could landscape areas within the development, which would form corridors for the network of pipes, these could be utilised as areas of park and therefore would enhance the community's wish for open space.

This small scale subdivision can be undertaken in one stage with the first sections, which front Hunter Terrace being able to be sold quickly as there is no need to develop roading or the cul-de-sac.

Advantages	Disadvantages
<p>Annual Plan objectives for the property would be met.</p> <p>Maximises the profit which the Council would make.</p> <p>Provides a solution to problems associated with the wells and pipes as these can be formed into landscaped corridors.</p> <p>A residential use would be consistent with the properties zoning under the resource Management Act and the City Plan.</p> <p>No ongoing holding costs to the Council.</p>	<p>Does not meet the wishes of community consultation. However could be balanced with some open space.</p> <p>Some risk to the Council.</p> <p>Time delay in realising investment.</p> <p>The BMX track could not be accommodated within this option.</p>

BUDGET PROVISIONS

The Council's Annual Plan contains the following budget provisions in relationship to the property:

Property Unit 2002/03	
Operating Expenses	\$17,000
Operating Revenue	NIL
Development Expenses	\$35,000
Development Revenue	\$400,000

RESULTS OF CONSULTATION

The Council has undertaken extensive consultation on this site with regards to both the use of this balance of land and through the development of South Christchurch Library.

Community meetings on the use of this land were held on 18 and 19 March 2002 with about 100 residents and interested parties from the area attending. Questionnaires were distributed at the meetings and about 50 responses were received. This consultation indicated a desire for more open space, and/or public infrastructure on site.

A letter was sent to those that attended the meetings outlining the results of the questionnaire. This letter also indicated that budget constraints might restrict the Council from being able to meet the outcomes sought by the community.

CONCLUSION

The main issue, which the Council currently needs to consider in relation to this property, is whether or not it wishes to retain ownership of the site. Should the Council resolve to retain the subject area then the options for future public development will need to be assessed and reported back to the Council.

Financial information is provided in the public excluded section of the agenda on various options.

- Recommendation:**
1. That the Council retain ownership of the 1.3 hectare portion of land as shown in the attached plan.
 2. That officers bring back a further report to the Property and Major Projects Committee with a view to integrating the land as open space/recreational with other opportunities for land use in the area.
 3. That Council officers proceed with a further investigation with the South Christchurch Bowling Club for development of a new site for a community bowling centre.