

1. OPAWA EXPRESSWAY STAGE 2 – DISPOSAL OF LAND

General Manager responsible:	General Manager City Environment
Officer responsible:	Transport and City Streets Manager
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PURPOSE OF REPORT

1. The purpose of this report is to request the Council to:
 - (a) Declare surplus, the balance of those properties not required for the Opawa Expressway.
 - (b) Grant the Corporate Support Manager delegated power to approve the disposal of the surplus properties in Opawa Road and to purchase 209 Opawa Road from Ngai Tahu Properties Limited, should it be offered to the Council.

EXECUTIVE SUMMARY

2. The Opawa Road upgrade is currently under way. Land to facilitate this upgrade was purchased by the Council and Transit New Zealand over a number of years prior to the upgrade. The balance of the properties at 203 through to 279 Opawa Road are now surplus to requirements, with three of these properties currently being owned by Transit New Zealand. One of the Transit owned sections may be sold to Ngai Tahu Properties Limited, which may then offer it to the Council.
3. The land has been identified for disposal in the Transport and City Streets Unit's capital programmes in 2005/06 and 2006/07, to offset the Opawa Expressway construction costs. The disposal of the land is therefore in compliance with this objective, but to facilitate disposal it is necessary for the Council to resolve that the properties are surplus to Council requirements.

FINANCIAL AND LEGAL CONSIDERATIONS

4. The Community Board does not have delegated authority to authorise the leasing or purchase of land – such a decision needs to be made by the full Council. The Board has however, recommendatory powers to the Council.
5. The Legal Services Unit has confirmed the Council is bound by the offer back provisions of Section 40 of the Public Works Act 1981 and is therefore required to go through the offer back process for those properties (detailed as per Schedule I in staff recommendation (a)) as part of the process to dispose of the land.

BACKGROUND ON OPAWA EXPRESSWAY STAGE 2 – DISPOSAL OF LAND

6. At its meeting on 15 December 2005, the Council considered and approved the disposal of 257 and 261 Opawa Road to an adjoining owner, given the land was effectively landlocked. The Council was advised that Opawa Road from Garlands Road towards the Port of Lyttelton is part of the State Highway network in Christchurch. Transit New Zealand (Transit) is usually responsible for improvements of this network. However, some years ago the residents of Opawa Road raised concerns at the increasing volume of traffic on the road, and the adverse effects of increased traffic noise, vibration, local air pollution and accessibility to their properties. Realignment of the road was considered necessary to overcome all of these effects.
7. The Council subsequently reached an agreement with Transit and Transfund whereby the latter funds that part of the work it considers economically justified, and the Council pays the costs above and beyond that cost.
8. The Council subsequently approved funding to purchase the remaining ten properties for the road during the 2001/02 financial year which has been completed.
9. Construction of the road commenced in 2004/05 and is programmed to be completed in the current financial year.

SURPLUS LAND

10. The properties acquired for the expressway were purchased over many years by both the former Heathcote County Council, the Christchurch City Council and a number by Transit New Zealand.

11. Being a State Highway, Transit has insisted that access to the road from adjacent properties be prohibited (with two exceptions) and as a consequence, access to the surplus land is to be provided by rights-of-way running off the side streets. Services (i.e. power, sewer, water etc.) are also required to be reticulated from the adjoining streets.
12. All of the land on the eastern side of Opawa Road between number 201 and 279 (Garlands Road to Curries Road – as depicted on the **attached** plan number TP162405) is surplus to requirements, with part being zoned Living and part Business. The zoned boundary lies between 261 and 265 Opawa Road with the properties to the north being zoned Business and to the south Living. Approximately two thirds of the properties are within the Business zone.
13. As indicated, the majority of the land is owned by the Council and the balance (205, 209, 239 and 267 Opawa Road) owned by Transit. Before considering a disposal strategy both the Council and Transit have to comply with the offer back requirements of the Public Works Act; but before it can do so, the Council is required to declare it is land surplus to requirements. The offer back on 239 Opawa Road was accepted by the previous owner.
14. Transit is required, should the previous owners not wish to take up the offer backs, to offer the land to Ngai Tahu Properties Limited before it may dispose of the land on the open market. It is understood that Ngai Tahu Properties Limited has declined the offer on 267 Opawa Road. Transit has agreed to transfer the land to the Council, at no cost, as part of their contribution towards the roading costs. Similarly, 205 Opawa Road is being transferred to the Council at no cost, because of the need to create a right-of-way over this section to facilitate the disposal of the adjacent sections. The size of the remaining land is too small to be developed but is a useful adjunct to the Council's adjoining land.
15. No decision has been made by Ngai Tahu Properties Limited over 209 Opawa Road which bisects the Council's holding. If taken up by Ngai Tahu Properties Limited and subsequently offered by them to the Council, it would be seen as a strategic purchase and a delegation is sought for the Corporate Services Manager to acquire the land providing the purchase price is within 10% of valuation. The purchase of the land would dramatically increase the Council's return on the adjoining properties.
16. Until the outcome of the Council's offer back process is known, the extent of, and the number of properties that may be placed on the open market, cannot be determined. It is anticipated, however, that this will be clearer by April/May 2006 on completion of the offer back process. Given that as part of its budgetary provision the Council had approved in principle the disposal of the land to offset the overall cost of the project, a delegation to the Corporate Support Manager is being sought to approve the subsequent sale of the surplus properties provided they are within 10% of valuation. This will enable the Council to respond quickly to market forces.
17. At the present time strong enquiry has been received from persons interested in purchasing both the Living and Business zoned land. The Council's current policy is to dispose of its surplus property by the tender process. However, it is believed that in this instance a degree of flexibility is required to respond to the "market" in the most appropriate manner and to keep the Council's options open in the disposal of the land. In some instances it may be more appropriate to sell individual lots by private treaty at a fixed price, and in others, if the demand is high (which it is anticipated will be the case for the commercial land) then it may be more appropriate to sell the properties by auction. In such circumstances a delegation is sought for the Corporate Support Manager to determine the most appropriate method of sale, having due regard to the respective properties and the demand at the time.
18. The properties situated at 2 Kennedy Place and 255 Opawa Road are being retained by the Council as Local Purpose (Drainage) Reserves. A stormwater basin, appropriately landscaped, is to be created to capture the first flush of water before entering Curries Drain. The Transport and City Streets Unit will be reimbursed for the value of the land by the Greenspace Unit.

OPTIONS

19. In approving funding for the road, the Council approved the sale of the surplus land as a line item in the Transport and City Streets Capital Programme (Property Sales Output) with \$847,000 being budgeted in 2005/06 and \$600,000 in 2006/07. The sales therefore are in compliance with the objectives of disposing of the surplus land to offset the roading costs.

STAFF RECOMMENDATIONS

It is recommended that the Board recommend to the Council that:

- (a) The properties described in the following schedule be declared surplus:

Schedule I

Address	Legal Description	Size m2	Zoning	Offer back
203 Opawa Rd	Pt LOT 1 DP 302185 Pt LOT 1 DP 42482	1363	B4	No
207 Opawa Rd	LOT 1 DP 25293	403	B4	No
207a Opawa Rd	LOT 2 DP 25293	433	B4	Yes
211a Opawa Rd	LOT 2 DP 18748	912	B4	No
211 Opawa Rd	LOT 1 DP 18748	487	B4	No
213 Opawa Rd	LOT 1 DP 20219	1054	B4	No
239a Opawa Rd	LOT 1 DP 82941 LOT 3 DP 82941	655	B4	No
241 Opawa Rd	Pt LOT 8 DP 412	710	B4	Yes
243 Opawa Rd	Pt LOT 9 DP 412	710	B4	No
245 Opawa Rd	Pt LOT 10 DP 412	706	B4	No
247 Opawa Rd	Pt LOT 11 DP 412	709	B4	No
249 Opawa Rd	Pt LOT 12 DP 412	719	B4	Yes
251 Opawa Rd	Pt LOT 13 DP 412	566	B4	No
253 Opawa Rd	LOT 1 DP 25769	402	B4	Yes
2 Kennedy Pl	LOT 1 DP 22932 - To Greenspace			
255 Opawa Rd	Pt RS 91 (BM 312) - To Greenspace			
263/265 Opawa Rd	LOT 2 DP 35997	2226	L1	Yes
269 Opawa Rd	LOT 1 DP 19432	585	L1	Yes
269a Opawa Rd	LOT 15 DP 27317	137	L1	No
271 Opawa Rd	LOT 1 DP 13838	596	L1	Yes
273 Opawa Rd	LOT 2 DP 13838	596	L1	Yes
275 Opawa Rd	LOT 3 DP 13838	589	L1	Yes
277 Opawa Rd	LOT 4 DP 13838	574	L1	Yes
279 Opawa Rd	LOT 5 DP 13838	573	L1	Yes

- (b) Pursuant to Section 40(4) of the Public Works Act 1981, the properties be disposed of and the offer back process be followed.
- (c) Following completion of the offer back requirements, the Corporate Support Manager be delegated authority to dispose of the remaining properties, provided the sale price is less than 10% lower than the valuation as assessed by an independent registered public valuer.
- (d) The Corporate Support Manager be delegated authority to determine the most appropriate method of sale of the surplus land, having due regard to the market situation at the time of disposal.
- (e) Should Ngai Tahu Properties Limited offer to sell 209 Opawa Road to the Council, the Corporate Support Manager be delegated authority to acquire it, provided the price is within 10% of the valuation as assessed by an independent registered public valuer.
- (f) Pursuant to Section 52(4) of the Public Works Act 1981, the Council hereby resolves to set apart the land in the Schedule II hereto for a Local Purpose (Drainage) Reserve, subject to Section 23 of the Reserves Act 1977 and to remain vested in the Christchurch City Council.

Schedule II

All those parcels of land situated in the Canterbury Land Registry being part Lot 1, DP 22932, containing 328m² and being all of the land contained in Certificate of Title 3D/270, together with part Rural Section 91 containing 195 m² and being all of the land contained in Certificate of Title 378/231.

BOARD DISCUSSION

Members were in general agreement with the process described in the staff report for the disposal of the surplus land.

One issue highlighted, however, was the opportunity provided by the large size of the block of land; whether the forms of development that could occur within the current zoning were desirable, and whether those forms of development should be restricted through a land covenant.

BOARD RECOMMENDATION

That the staff recommendations be adopted, subject to a report initially being made to the Board, but prior to the conclusion of the offer-back process, detailing:

- (a) The forms of development that could occur on the land involved given the current zoning; and
- (b) The use of land covenants in respect of the affected on sold land.