



## PUBLIC EXCLUDED

Report PE 03.602  
Date 10 October 2003  
File N/50/03/01

Committee Policy, Finance and Strategy  
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### Flood Protection depot, Lower Hutt

#### 1. Purpose

- to formally declare as surplus to Council requirements the land at Mabey Road, Lower Hutt, not required for the new depot site.
- to seek approval to proceed with the subdivision of the existing Mabey Road depot site, the development of the new depot site and the sale of surplus land.

#### 2. Exclusion of the public

Grounds of the exclusion of the public under Section 48(1) of the Local Government Official Information and Meetings Act 1987 are:

*That the public conduct of the whole or relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists, i.e. to preserve commercial confidentiality and to enable the Council to carry on negotiations (including commercial negotiations), without prejudice or disadvantage.*

Interests protected:

Greater Wellington – the Regional Council.

### 3. Background

On 5 August 2003 following consideration of Report PE 03.420, Council resolved that:

- i) *as a result of further investigation the Hutt valley Flood Protection depot remain on the current Mabey Road site and a subdivision be undertaken to create a 1 hectare allotment for that purpose, with land surplus to requirements to be sold.*
- ii) *officers be requested to prepare a detailed project plan for the subdivision of the Mabey Road depot site, the development of the new depot site and the proposed sale of surplus land.*
- iii) *officers be requested to prepare a further report to the Policy, Finance & Strategy Committee to formally initiate the preferred option of creating a new Flood Protection depot site at Mabey Road. The report to include for approval the project plan for the subdivision, the necessary declaration the land is surplus to requirements and the recommended allocation of funds from the sale process.*

### 4. Project plan

A plan setting out the steps, timing and costs to subdivide the Mabey Road depot site, to develop the new site, and to initiate the sale of surplus land has been developed. The plan outline is provided as **Attachment 1**.

#### 4.1 Subdivision

To recap on Report PE 03.420 the subdivision proposal is as follows:

- retain 1.0 hectare (refer **Attachment 2**) of the current 3.25 hectares on the south-eastern, or landward, side of the stopbank for the depot site. This includes the main administration building, the tractor shed, the former Rivers stores and the new entrance road. An area of 1.0 hectare is the minimum necessary to retain a viable occupancy of the site.
- place the new depot site on its own title, separate from the land within the Hutt River corridor and the land underlying the stopbank.
- place the remaining 2.18 hectares of land on the landward side of the stopbank not required for the depot, on its own title and sell.
- place the Mabey Road house on its own title and sell.

## 4.2 Physical works

The development of the new site will require some site work including:

- defining the new depot boundary and then constructing a new boundary fence.
- constructing a new entrance driveway, including a new entry gate.
- planting along the boundary to help screen the depot activity.
- removal and sale of the former laboratory buildings. We also plan to demolish one of the former Rivers sheds to improve access to the rear of the new site.

## 4.3 Costs associated with the sale

There will be costs associated with the proposed subdivision and sale of the surplus land and the 63 Mabey Road house. The costs include:

- survey, fencing and new entrance driveway. Total estimated costs are \$83,500 (see **Attachment 1**). The majority of these costs will be incurred prior to sale of the surplus land, however they are proposed to be funded from the sale proceeds.
- agency costs will be incurred in the sale of both the house and the surplus land. These are estimated at 4% and 2.5% of the sale price of the properties respectively. The agency fees will be deducted from the sale price realised and the fees therefore do not need to be catered for as budgeted items.

## 4.4 Estimated sale proceeds

Sale proceeds will be generated from:

- sale of the 2.18 hectares of surplus land. The value of this land is the hardest to estimate as it heavily depends on the proposed subdivision or improvements plan proposed by the developer. Nevertheless we would expect a price in the order of \$1.35 million for this land.
- sale of the 63 Mabey Road house with an estimated market value of \$230,000.
- sale (for removal) of the former laboratory building, and adjacent portacom and garage. \$18,000 has been estimated as a reasonable return for these buildings.

Total gross sale proceeds are therefore estimated at \$1,598,000 which equates to a net return of approximately \$1,470,000 once subdivision and real estate agency fees are deducted.

#### 4.5 Timing

The project plan caters for best estimates of completion time for the nominated actions. The longest process will be the survey, lodging with Hutt City Council for consent to subdivide, submitting the final survey plan to Hutt City Council for certification and lodging with LINZ for approval as to survey.

Following approval of the subdivision and survey, the plan will need to be deposited and the new titles issued. It is estimated that eight months will be involved before titles will be available, assuming all applications are approved without delay and that no onerous conditions are nominated.

While survey and title actions are being undertaken, it is intended to proceed with the removal of the surplus buildings, fencing, planting, construction of the new entrance and yard sealing, and to have concluded the Section 40, Public Works Act 1981 process.

It is estimated that a settlement date of around 31 August 2004 should be able to be achieved for sale of the house and the surplus land.

#### 5. Land surplus to Council requirements

The Mabey Road depot site comprises all of the land in CT 17C/429 (0.4479 hectares) and part of the land in CT 17C/430 (16.6594 hectares). The land occupied by the depot is to the landward (south east) side of the stopbank. Stopbank, Harcourt Werry Drive, river berm and river occupy the balance of CT 17C/430.

Council also owns land to the south of the current depot site (partly occupied by the Avalon tennis courts), which is to be transferred to Hutt City Council as part of the land exchange agreement.

All Council Divisional Managers have been advised of the pending disposal of the 2.18 hectares of land not required for the new depot site, and the 63 Mabey Road house. There is no known Council requirement for the vacant 2.18 hectares or the house. The land is therefore regarded as being surplus to the Council requirements and available for disposal.

As per the direction of the *Travis Estates vs Christchurch City Council* (where it was found that no negotiations could be entered into prior to making a decision to sell) the first step to be taken is for the Council to resolve that the land is surplus to Council requirements.

While we have included financial information in this report, in making your decision whether to declare the land surplus you are not entitled to take into account any potential financial benefits that may accrue. You simply need to be satisfied that the land is indeed surplus to requirements for the reasons set out in Report PE 03.420 (**Attachment 3**).

## 6. Section 40, Public Works Act 1981

The sale of the surplus land at Mabey Road, and the 63 Mabey Road house, is subject to Section 40 of the Public Works Act 1981. The Public Works Act requires that when land is no longer required for a public work, the Council shall offer to sell the land by private contract to the person from whom it was acquired, or to the successor of that person.

There are exemptions from such offer back provisions if the Council's Chief Executive considers that it would be impracticable, unreasonable or unfair to do so; or there has been a significant change in the character of the land. If the former owner elects to purchase the land, a sale is conducted. If the former owner elects to not purchase the land, or the Chief Executive is satisfied that an exemption applies, then the Council is free to sell the property to the Council's best advantage on the open market.

Peter O'Brien, Council's property consultant will be responsible for ensuring Council meets the Section 40 requirements.

## 7. Allocation of funds

The net proceeds from the sale of the surplus land, buildings and the 63 Mabey Road house are estimated to be about \$1.47 million. These funds are proposed to be used to retire Flood Protection Department debt.

The Mabey Road land was originally purchased by the Hutt River Board in 1926 for flood protection purposes, and has housed a Rivers depot for most of the 77 years since purchase. The most appropriate allocation of funds is therefore considered to be retirement of Flood Protection Department debt.

Sale of the surplus land at Mabey Road is not a budgeted item. Council practice is not to budget for potential asset sales, unless there is a high probability of such a sale taking place.

The exact rate impact of using the proceeds for reducing Flood Protection Department debt is unknown at this stage as it depends on which of the internal loans are repaid. Work completed to date suggests it will be appropriate to repay the oldest outstanding loans first.

## 8. Recommendations

*That the Committee:*

1. *receive the report.*
2. *note the contents of the report.*

3. **recommend** to Council that:

- a) *the land contained in CT 17C/429 and part of the land in CT 17C/430 totalling approximately 2.25 hectares (including the 63 Mabey Road house site) as shown on **Attachment 2**, be declared surplus to requirements.*
- b) *officers be authorised to proceed with the subdivision of the Mabey Road depot site, the development of the new depot site and the sale of the surplus land in accordance with the project plan (**Attachment 1**) and proposed new depot layout plan (**Attachment 2**) outlined in this report.*
- c) *a budget of \$83,500, to be funded from sale proceeds, be approved to meet the project costs.*
- d) *In accordance with Section 40 of the Public Works Act 1981 the surplus property be sold by, either:*
  - *offer to the former owner or their successor, at the current market value as assessed by a registered valuer, or at any lesser price considered reasonable by Council's Chief Executive, or;*
  - *on the open market at the current market value and in a manner approved by the Chief Executive, should the former owner have no interest in the land, or in the event of an exemption being appropriate.*
- e) *the net proceeds from the disposal of the surplus property be allocated to retirement of Flood Protection Department debt.*
- f) *the Authorised Signatory of the Council Secretary and/or the Council seal be affixed to the necessary documents to achieve the subdivision and the disposal of the surplus land.*

Report prepared by:

Report approved by:

Report approved by:

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**Rob Forlong**  
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**Greg Schollum**  
Chief Financial Officer

**Attachment 1:** Project plan for Mabey Road

**Attachment 2:** Plan of the land and the proposed subdivision

**Attachment 3:** Report PE 03.420