

**Decision released from confidential session**

<b>Recommendation from (agenda report)</b>	<b>Date of meeting</b>	<b>Recommendation to (decision-making meeting)</b>	<b>Date of meeting</b>
		Council	02 September 2021

**Report Title and number**

Land Purchase - Stoke (R26169)

**Documents released**

Decision CL/2021/174 and report Land Purchase - Stoke (R26169)

**Decision**

That the Council

1. Receives the report Land Purchase - Stoke (R26169) and its attachment (A2734905); and
2. Approves the purchase 1 Hill Street (subdivision plan Lot 4 DP507574) for roading purposes; and
3. Delegates the Chief Executive authority to purchase 1 Hill Street (subdivision plan Lot 4 DP507574) subject to due diligence for a negotiated price not exceeding [REDACTED] (plus GST if any); and
4. Approves unbudgeted capital expenditure of up to [REDACTED] in 2021/22 in the unsubsidised roading activity to purchase 1 Hill Street (subdivision plan Lot 4 DP507574); and
5. Instructs officers, as part of the early development of the three yearly Activity Management Plans, to review the property assets held, to identify assets no longer required; and
6. Agrees that report R26169 and the decision be made publicly available once a sale and purchase agreement becomes unconditional.

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Item 2: Land Purchase - Stoke

Council



2 September 2021

REPORT R26169

## Land Purchase - Stoke

### 1. Purpose of Report

- 1.1 To consider and approve the purchase of a strategic piece of land necessary for future roading purposes at 1 Hill Street, Stoke.

### 2. Summary

- 2.1 The opportunity has arisen to purchase a strategically located parcel of land, being part of 1 Hill Street, Stoke (subdivision plan Lot 4 DP507574) for roading purposes.
- 2.2 This subject property has previously been identified in the Nelson Plan as part of an indicative road alignment from Hill Street to connect with Suffolk Road.
- 2.3 The landowners are agreeable to selling the property to Council, and this report recommends the purchase of the subject property.

### 3. Recommendation

*That the Council*

1. **Receives the report Land Purchase - Stoke (R26169) and its attachment (A2734905); and**
2. **Approves the purchase 1 Hill Street (subdivision plan Lot 4 DP507574) for roading purposes; and**
3. **Delegates the Chief Executive authority to purchase 1 Hill Street (subdivision plan Lot 4 DP507574) subject to due diligence for a negotiated price not exceeding [REDACTED] (plus GST if any); and**
4. **Approves unbudgeted capital expenditure of up to [REDACTED] in 2021/22 in the unsubsidised roading activity to purchase 1 Hill Street (subdivision plan Lot 4 DP507574); and**

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### 5. **Agrees that report R26169 and the decision be made publicly available once a sale and purchase agreement becomes unconditional.**

#### 4. **Exclusion of the Public**

4.1 This report has been placed in the confidential part of the agenda in accordance with section 48(1)(a) and section 7 of the Local Government Official Information and Meetings Act 1987. The reason for withholding information in this report under this Act is to:

- Section 7(2)(i) To enable the local authority to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)

#### 5. **Background**

5.1 1 Hill St has been identified as a strategic property for the future road network. The property is currently being subdivided into 4 lots and there is an opportunity for Council to purchase subdivision plan Lot 4 DP507574 (outlined in red on Attachment 1). The total area of the property is 563m<sup>2</sup>.

5.2 Potential indicative road alignments have been prepared, which supports the strategic nature of this property. An example of a possible road alignment is shown on Attachment 1.

5.3 Through the subdivision process, officers have indicated to the owners that Council would be interested in purchasing Lot 4 for roading purposes.

5.4 The vendors have agreed to sell this property to Council at what officers believe is a realistic price. A valuation is being prepared and will be tabled at the meeting.

5.5 The subdivision, sale, and subsequent building of a residence on number 1 Hill Street would preclude future acquisition or make it more difficult and more expensive later should this land be required. Whilst further property acquisitions may be necessary to achieve the full road connection, this is a strategic purchase now to assist and enable future road planning and construction.

#### 6. **Discussion**

6.1 The asking price is \$410,000 (plus GST if any). Without the benefit of the valuation, which is currently being prepared, s 7(2)(j) to prevent the disclosure or use of official information for improper

[REDACTED]

6.2 Council has until 30 September 2021 to present an offer for the purchase of the property.

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- 6.3 The timing of this acquisition is to make the most of the owner being willing to sell to Council by agreement. This will avoid any potential compulsory acquisition or delayed negotiations due to the critical nature of the parcel.
- 6.4 This property will be held as a strategic asset for roading purposes. There is no indication at this stage as to when the future road would be constructed, however whatever the road alignment through to Suffolk Road is adopted, it has to connect to Hill Street at this point.
- 6.5 The property is adjacent to an existing esplanade reserve and would be maintained in alignment with current levels of service for that reserve.
- 6.6 Should the property not be required in the future it could be sold.

### 7. Options

- 7.1 Two options are prepared for the committee. Either purchase or not purchase the land. Officers support Option 1.

<b>Option 1: Purchase 1 Hill Street, Stoke (Preferred Option)</b>	
Advantages	<ul style="list-style-type: none"><li>• Secures a strategically located property for road purposes</li><li>• Realises the future needs as previously identified in the Nelson Plan</li><li>• Property could be on sold for residential purposes should it not be required for roading</li><li>• Property can be secured now for a reasonable price on the open market</li></ul>
Risks and Disadvantages	<ul style="list-style-type: none"><li>• The purchase of this property is unbudgeted capital expenditure</li></ul>
<b>Option 2: Do not purchase 1 Hill Street, Stoke</b>	
Advantages	<ul style="list-style-type: none"><li>• Unbudgeted expenditure not required</li></ul>
Risks and Disadvantages	<ul style="list-style-type: none"><li>• The subdivision, sale, and subsequent building of a residence on number 1 Hill Street could preclude future acquisition or make it more difficult and expensive to purchase in the future</li></ul>

### 8. Conclusion

- 8.1 An opportunity has arisen to purchase a strategic property for future road corridor requirements.
- 8.2 Officers recommend the purchase be completed for the price of up to s (c) (1) to prevent the disclosure (plus GST if any).

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Item 2: Land Purchase - Stoke

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Attachment 1: A2734905 - Indicative road alignment option and subject

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### Important considerations for decision making

#### 1. Fit with Purpose of Local Government

Complies with the purpose of the Local Government Act 2002 because the decision to protect options for future important transport routes supports the economic and social wellbeing of the community by ensuring good connectivity.

#### 2. Consistency with Community Outcomes and Council Policy

The recommendation is consistent with the following Community Outcomes under Council's Long Term Plan 2021-31 for Transport:

- *Ensuring that our infrastructure is efficient, cost effective and meets current and further needs.*
- *Our urban and rural environments are people friendly, well planned and sustainably managed.*

#### 3. Risk

If the property was not purchased by Council, and development was undertaken on the property, it would not preclude the taking of the land in the future under mechanisms of the Public Works Act 1981. That would however be more expensive in the future and could possibly involve deconstruction of a building, or a circuitous route around the property (which would likely add to the cost of future road development).

#### 4. Financial impact

Interest costs on a purchase price of [REDACTED] at an estimated 4% (which is more than Council is paying at present) equate to [REDACTED] per annum. This is unbudgeted expenditure.

#### 5. Degree of significance and level of engagement

This matter is of low significance because although it is strategic in terms of the future roading network, it was previously identified in the Nelson Plan as part of an indicative road alignment. No consultation or feedback is required.

#### 6. Climate Impact

Climate change impact has been considered in the writing of this report, the purchase of the property alone does not require adaption, mitigation or a leadership response, these considerations will be considered as part of the road design process.

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### **7. Inclusion of Māori in the decision making process**

No engagement with Māori has been undertaken in preparing this report.

### **8. Delegations**

The Infrastructure Committee has the following delegations to consider the proposed land purchase of 1 Hill Street, Stoke.

*Areas of Responsibility:*

- *Transport network, including, roading network and associated structures, walkways, cycleways and shared pathways, footpaths and road reserve, street lighting, traffic management control and parking.*

*Powers to Recommend:*

- *The purchase or disposal of land or property relating to the areas of responsibility, other than in accordance with the Long Term Plan or Annual Plan.*
- *Unbudgeted expenditure relating to the areas of responsibility, not included in the Long Term Plan or Annual Plan.*

As per 5.2.2 of Council's Delegation Register, the Chief Executive, Mayor and the Committee Chairperson have confirmed that the matter be considered by Council due to the COVID-19 Alert Level constraints.

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