

TO: EXTRAORDINARY COUNCIL

FROM: HEATHER GUISE, SENIOR COUNCIL LAND ADVISOR

**AUTHORISED BY: ERIN MOOGAN, GROUP MANAGER -
INFRASTRUCTURE**

MEETING DATE: TUESDAY 10 AUGUST 2021

IN COMMITTEE

Reason for Exclusion:

Local Government Information and Meetings Act 1987 –

(7) Other reasons for withholding official information:

(2) (i) Enable any local authority holding the information to carry out, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations).

ESK STREET WEST PROPERTIES

SUMMARY

In February 2012, Council purchased the properties at 6-18 Esk Street West and since that time various entities have expressed interest in the possible purchase of all or parts of the land and buildings. Council has now received a conditional offer for purchase of all of the land and buildings.

RECOMMENDATIONS

That Council

- 1. Receive the report “Esk Street West Properties”.**
- 2. Authorise disposal of the properties at 6-18 Esk Street West and accept the conditional offer received in the sum of \$1,000,000 plus GST (if any).**
- 3. Delegates authority to the Chief Executive to negotiate the sale and enter into the conditional Agreement for Sale and Purchase.**

IMPLICATIONS

1.	<i>Has this been provided for in the Long Term Plan/Annual Plan?</i> No.
2.	<i>Is a budget amendment required?</i> No.
3.	<i>Is this matter significant in terms of Council's Policy on Significance?</i> No.

4.	<i>Implications in terms of other Council Strategic Documents or Council Policy?</i> None.
5.	<i>Have the views of affected or interested persons been obtained and is any further public consultation required?</i> No.

FINANCIAL IMPLICATIONS

A gain in financial terms will be realised on disposal of the properties with net proceeds of sale available for development of Council's existing lands as per the Local Government Act 2002.

DISPOSAL OF LAND AND BUILDINGS – 6-18 ESK STREET WEST, INVERCARGILL

Council has received a conditional offer for purchase of all of the Council-owned land and buildings situated 6-18 Esk Street West, Invercargill. A copy of the Agreement for Sale and Purchase is annexed hereto as **Appendix 1**. An aerial photograph showing the properties outlined in pink is annexed hereto as **Appendix 2**.

Status of the Land

The land is held in five parcels as follows:

1. **6 Esk Street West** – Lot 1 DP 5472, having an area of 321m² contained in Record of Title SL204/4.
2. **8 Esk Street West** – Lot 2 DP 4200 and Lot 4 DP 3130, having a combined area of 847m² contained in Record of Title SL4A/304.
3. **10 Esk Street West** – Lot 5 DP 3130, having an area of 306m² contained in Record of Title SL181/163.
4. **12-16 Esk Street West** – Part Section 12 Block I Town of Invercargill, having an area of 267m² contained in Record of Title SLB1/1004.
5. **18 Esk Street West** – Lot 1 DP 4409 and Lot 1 DP 10278, having a combined area of 160m² contained in Record of Title SL6B/200.

The land is freehold with a total combined area of 1,901m² and is subject to various encumbrances.

Market Assessment

A market value assessment of the property has not been requested at this time however, an annual assessment of Fair Value for Financial Reporting carried out as at 30 June 2021 and current ratings values are as follows:

#	Address	Fair Value	Ratings Value
1.	6 Esk Street West	\$85,000	\$146,000
2.	8 Esk Street West	\$150,000	\$381,000
3.	10 Esk Street West	\$95,000	\$151,000
4.	12-16 Esk Street West	\$70,000	\$142,000
5.	18 Esk Street West	\$45,000	\$78,000
TOTAL		\$445,000	\$898,000

Current Use

The properties were purchased by Council between November 2011 and February 2012 on the recommendation of Council for the location of a new Council offices.

The buildings have been vacant for some time with the last tenant vacating the premises in June 2017. Ongoing vandalism and minimal maintenance to the buildings have deteriorated the condition of the buildings to the point where they are no longer able to be rented and unsafe to enter. In an attempt to mitigate further vandalism, Council has engaged a security firm to monitor the buildings on a regular basis.

Council's District Plan notes the buildings at 8, 10, 12-16 and 18 Esk Street West are marked at Class 2 in the Heritage Register (facades) and a resource consent will be required prior to any demolition of the buildings. Due diligence carried out by Council Officers to determine project viability of demolition notes that the pathway to achieve the resource consent will be complex and expensive without any guarantee of success. Additionally, Council would need to demonstrate through the resource consent process what the purpose of the properties is and why facades cannot be retained as part of redevelopment of the site.

An initial cost estimate received in August 2020 for demolition of all buildings but retaining the facades is \$7.6 million. Further costs would be incurred in creating a strategy for use the properties should they be retained and redeveloped.

CONCLUSION

Although the properties were initially purchased on the basis of new Council offices, there is no current purpose for these properties. Costs to repair damage caused by vandalism and ongoing maintenance are increasing, with no income to offset these costs.

Investment Property supports appropriate industrial, commercial and economic development through the purchase, sale and / or lease of land. This is a good opportunity to promote a growing economy within the City centre while divesting Council of a parcel of land which is not providing any return.