

DISPOSAL OF LAND - 90 MERSEY STREET, INVERCARGILL

To: Infrastructure Committee

Meeting Date: Tuesday 8 November 2022

From: Heather Guise – Property Portfolio Manager

Approved: Michael Day - Group Manager - Finance and Assurance

Approved Date: Thursday 27 October 2022

Open Agenda: No

Public Excluded Agenda: Yes

Reason(s) for the Public Excluded (choose – can be more than one)

Section of the Act	Subclause and Reason under the Act	“Plain English” Reason	When Report Can Be Released
7 – Other reasons for withholding official information	(2) (i) – Enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)	Council can carry on commercial negotiation without disadvantage to either party	Upon completion of the sale transaction and transfer of land

Purpose and Summary

Council has received an offer from Ian Tulloch and Annette Margaret Tulloch as trustees of The Tulloch Invercargill Property Trust (“The Tulloch Invercargill Property Trust”) to purchase the land at 90 Mersey Street, Invercargill.

Recommendations

That the Infrastructural Services Committee:

1. Receives the Report “Disposal of Land – 90 Mersey Street, Invercargill”.
2. Recommends to Council that the offer of \$215,000.00 for the land located at 90 Mersey Street, Invercargill be accepted and authorising the disposal of the land.
3. The Chief Executive be given delegated authority to negotiate the sale and enter into an Agreement for Sale and Purchase.

Implications and Risks

Strategic Consistency

The land is in line with Council strategic outcomes, enabling Invercargill's economy to grow and diversify; and the continued use of this property meets any requirements of the District Plan.

Financial Implications

The financial implications of this transaction will be to reduce the Investment Property net debt by the value of the consideration (\$215,000). As this property is currently vacant, there is no ongoing loss in revenue but the ongoing property holding costs such as rates (\$2,779 per annum) will be an ongoing saving. Net proceeds of sale will be available for development of Council's existing lands as per the Local Government Act 2022.

Legal Implications

The land is held in fee simple with no endowment status encumbrances requiring special legal consideration prior to Council resolution to dispose of the land and there is no requirement to seek Ministerial approval.

Risk

The land has been identified as containing contaminants due to having had underground fuel storage tanks which the proposed Purchaser is aware of. Any agreement for sale will include an exclusion of liability for Council regarding the contamination and there are no other risks identified with disposal of the land.

Background

Council has received a request by The Tulloch Invercargill Property Trust to purchase the Council owned land at 90 Mersey Street for the sum of \$215,000 plus GST. A copy of the front page of the Agreement for Sale and Purchase offer is annexed as *Appendix 1*. Council's Manager - Strategic Asset Planning has requested that only one vehicle crossing remain on the land limiting access to the property from only one street and not creating a thoroughfare and the Agreement is subject to this Further Term of Sale (Clause 21.1)

An aerial photograph showing the parcel of land in question is annexed as *Appendix 2* outlined in blue.

Status of the Land and Current Use

The land has no endowment status and forms part of Council's Investment Property portfolio.

Property details for the land are as follows:

Legal description	Lot 1 DP 14274
Area	960 m ²
Tenure	Fee Simple
Record of Title	SL11C/10
Registered Owners	Invercargill City Council

Council's interest in the land has been assessed at \$215,000.00 plus GST by way of registered valuation by TelferYoung dated 1 August 2022. The Executive Summary page of the valuation is annexed as Appendix 3. A copy of the full freeholding valuation can be made available on request.

It is recommended that an unconditional Agreement for Sale and Purchase (Appendix 1) be entered into (subject to minor amendment to Clause 21.1) with a proposed settlement date of 16 December 2022.

Issues and Options

Analysis

Investment Property supports appropriate industrial, commercial and economic development through the purchase, sale and disposal of the land will enable Invercargill's economy to grow and diversify.

Options

Option	Advantage	Disadvantage
Sell the land to The Tulloch Invercargill Property Trust. Preferred option	The Tulloch Invercargill Property Trust has the ability to optimise the value of the property, do what they want/need to do to the land and grow their business.	No disadvantage.
Retain the land. Status Quo.	No advantage.	Is in conflict with encouraging appropriate commercial and economic development within the central business district.

Community Views

As disposal of the land will not materially affect the community and change the use of the land, it is considered that public consultation is not required in this matter.

Next Steps

Following Council approval for disposal of the land, an unconditional Agreement for Sale and Purchase is entered into between Council and The Tulloch Invercargill Property Trust.

Attachments

1. First Page Agreement for Sale and Purchase of Real Estate – The Tulloch Invercargill Property Trust (A4135462).
2. Aerial photograph showing land for disposal (A4135459).
3. Executive Summary of TelferYoung Freeholding Valuation (A4135571).