

ROAD STOPPING AND DISPOSAL OF STOPPED ROAD – LAGAN STREET, BLUFF

To: Infrastructure Committee

Meeting Date: Tuesday 7 February 2023

From: Russell Pearson - Manager Strategic Asset Planning
Heather Guise - Property Portfolio Manager

Approved: Erin Moogan - Group Manager - Infrastructure Services

Approved Date: Wednesday 1 February 2023

Open Agenda: No

Public Excluded Agenda: Yes

Reason(s) for the Public Excluded

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

At its meeting on 13 September 2022, Council authorised stopping a portion of unformed road adjacent to 221 Lagan Street, Bluff. At that meeting, Council also requested a further report regarding disposal of the land so that Council can confirm the actions to sell the unformed portion of road adjacent to 221 Lagan Street.

This report outlines the further investigation undertaken and disposal process of the land for Council to make the decision.

Recommendations

That the Infrastructure Committee:

1. Receive the report "Road Stopping and Disposal of Stopped Road – Lagan Street, Bluff".

Recommends to Council that:

2. Council resolves to sell the stopped road to the adjacent property owner (221 Lagan Street).
3. The offer is at acceptable market value and the land is sold at this offer of \$150,000.00 including GST if any.
4. The Chief Executive be given delegated authority to agree terms and conclude the disposal of the land by way of sale following the final stopping process and gazettal action.

Background

The adjoining landowner - 221 Lagan Street, Bluff lodged an application to purchase the subject portion of road. This road is unformed which has never been developed or utilised for road purposes. This section of land is undefined and is illustrated on the attached aerial photograph as Appendix 1 (A4170373).

Section 345 of the 1974 Local Government Act provides direction for the disposal of land not required for road to an adjoining land owner for a price to be fixed by a registered valuer.

An offer dated 5 August 2022 in the sum of \$150,000 was received from the adjacent property owner which is supported by a registered valuation received by them. The offer and supporting valuation are annexed hereto as Appendix 2 (A4023257). A further valuation has not been obtained as the valuation provided is from a reputable and acceptable company. Analysis of the rateable value of adjoining land held in similar unimproved condition, confirms at the offer is reasonable and seen as acceptable on the basis of it meeting the market value assessment.

The adjoining owner has offered to meet the process costs of the road stopping and purchase the land once the road it is formally stopped and able to be sold (i.e. title is available).

Issues and Options

Analysis

Council at the December meeting resolved to stop the road.

A query was received at that meeting regarding the previous usage of a part of the land associated with the Bluff Landfill.

Following discussion with the applicant, they are fully aware of potential limitations with the land and have indicated they would like to continue with a purchase option of the entire parcel of land once the parcel is created.

This report looks at the options for disposal of the land. The Local Government Act gives strong and suitable direction as to who the land should be offered to and how a value is established.

Options

The options available are:

Option	Advantages	Disadvantages
Council formally stops the road and negotiates disposal of the land to the adjacent owner as per the offer received. <i>Preferred Option</i>	Meets legislative requirements of the Local Government Act 1974 to offer the land to adjacent land owner. All costs associated with the road stopping process and capital gain on sale of land is received.	Does not allow the property market to be tested unless negotiations with adjacent land owner fails.
Council formally stops the road and offers the land for public sale.	An open process is available for the public and a market driven price is received. Costs of process of stopping and sale would be offset against the price offered.	Adjacent land owners could be considered impacted and may have approached the disposal process differently if they were aware of the disposal process. Market cost may be less than the valuation. Disputes between new owners could be started due to the process. Not aligned to LGA.
Formally stop the road and retain the land.	Any perceived environmental issues from the old Bluff Landfill remains with Council.	Council incurs additional expense by way of rates set on the parcel of land together with continued maintenance costs.

Community Views

Public consultation was undertaken in this matter with no objections received.

Implications and Risks

Strategic Consistency

The disposal of this land is in line with Council's 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 applicant has agreed to meet all costs related to the road stopping process and net proceeds of sale will be available for development of Council's existing lands as per the Local Government Act 2022.

Legal Implications

Council has met its legal requirements under the Local Government Act 1974 both in regard to the formal consultation process and negotiating disposal of the land to an adjoining land owner at a value set by a register valuer.

Council approved the stopping of the land after the public notification, in the form attached as Appendix 3 (A4248600), was published in the Southland Times on Wednesday 22 June 2022 and Wednesday 20 July 2022. A public display of this notice was also maintained on site from 17 June 2022 until 22 July 2022. Herenga ā Nuku (New Zealand Walking Access Commission) was also notified of the proposal.

Risk

The unformed road is not required at any time in the future and accordingly the road was approved as being stopped. Until it is sold it is owned by Council. The disposal to an adjacent owner aligns with the LGA and is considered as the low risk option.

Risks associated with part of the site being associated with the Bluff Land fill have been brought to the applicant's attention and transfer of the risk will be reflected through the sale and purchase process.

Next Steps

If the recommendations are approved then a standard sale and purchase agreement would be prepared, signed by the Chief Executive and offered to the applicant. Following acceptance then the process of disposal would be completed via title issue or a gazetting processes to stop the road and amalgamate this area with the adjacent land title.

Staff will carry out the actions as directed by Council.

Attachments

1. Appendix 1 – Aerial photograph of the land (A4170373)
2. Appendix 2 – Purchase offer and valuation (A4023257)
3. Appendix 3 – Public notice (A4248600)