



## PUBLIC EXCLUDED

Report PE07.431  
Date 20 June 2007  
File N/03/18/02

Committee Policy Finance and Strategy Committee  
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### **Boulcott Stopbank Project: Land purchase - 59 Connolly Street**

#### **1. Purpose**

- To advise the Policy Finance and Strategy Committee of an on market land purchase opportunity for land required for the Boulcott Stopbank project.
- To seek the Policy Finance and Strategy Committee approval to proceed with the purchase of 59 Connolly Street, Lower Hutt.

#### **2. Significance of the decision**

The matters for decision in this report do not trigger the significance policy of the Council or otherwise trigger section 76(3)(b) of the Local Government Act 2002.

#### **3. Exclusion of the public**

Grounds for the exclusion of the public under section 48(1) of the local Government Official Information and Meetings Act 1987 are:

*The information contained in this report relates to Greater Wellington entering into a land purchase agreement for a piece of land required for the Boulcott Stopbank project. The agreement has not yet been entered into. The report outlines terms of the proposed purchase which may still be negotiated. Having this part of the meeting open to the public would disadvantage the Council if further negotiations were to take place as it would reveal the Council's negotiation strategy. The Council has not been able to identify a public interest favouring disclosure of this particular information in public proceedings of the meeting that would override this prejudice.*

## 4. Background

Report PE04.541 (**Attachment 1**) set out a strategy for acquiring the land required to implement the Hutt River Floodplain Management Plan. The strategy identified seven areas along the Hutt River where land acquisition was needed for improvement works. One of the properties identified was 59 Connolly Street which will be required for implementation of the Boulcott Stopbank project. For this property, the subsequently approved Land acquisition strategy recommends the purchase when offered any time from 2005.

Land for the project is required along the rear (north) and front (southeast) boundaries of the property at 59 Connolly Street. The project will also require the removal of the existing house from the site.

59 Connolly Street has been placed on the open market for sale through the Tommy's real estate company.

## 5. Proposal

To acquire the property at 59 Connolly Street at its current market value on the open market.

## 6. The Property

59 Connolly Street comprises a flat triangular shaped site off the northwest side of Connolly Street. The site is the north most residential property and sits at the base of the road ramp which passes over the current stopbank. The present stopbank passes across the site's rear north boundary. **Attachment 2** contains a location plan of 59 Connolly Street.

The site is legally described as Lot 30 Block I DP 1415, comprises 779 square metres and is contained in CT WN148/242.

Erected upon the site is a single storey dwelling dating circa 1905 which has been converted into two flats, one containing one bedroom and the other containing three bedrooms. The dwelling appears to have been upgraded and is offered in average to above average condition.

## 7. Current Tenancies

The one bedroom flat is under a fixed term tenancy agreement which runs from 14 May 2007 to 19 May 2008 at a weekly rent of \$250.00. A bond of \$750.00 has been paid.

The three bedroom flat is under a fixed term tenancy agreement which runs from 28 May 2007 to 2 June 2008 at a weekly rent of \$385.00. A bond of \$1540.00 has been paid.

## 8. The Current Market Value

Telfer Young, independent valuers, was employed to assess the current market value of the property. In its report dated 18 June 2007 (**Attachment 3**), Telfer Young assesses the current market to be \$490,000, expressed as:

Land value	300,000
Dwelling (153 square metres)	175,000
Other site improvements	10,000
Chattels	5,000
Current market value (GST inclusive)	<u>\$490,000</u>

## 9. Residual Recovery Ability

As an interim holding position, the property can continue to be let out as two flats until the land is required for the Boulcott project in 2009/10. The income will be:

Gross annual income from flats each year	33,020
Less rates, insurance, repairs, management	3,500
Less GST	3,280
Net annual income available for debt servicing	<u>\$26,240</u>

To facilitate the use of the land for the Boulcott project, the dwelling will need to be removed from the site. The dwelling should be able to be sold for removal and relocation. A net recovery of \$5,000 to \$10,000 should be possible.

After the Boulcott project work is complete, there should be a residual site available which will contain at least 400 square metres, and likely more. This assumes the loss from the present site of 4.6 metres across the rear of the site and 5 metres across the street frontage. The minimum site size in the Hutt City Council general residential activity area is 400 square metres. The site will therefore be able to be sold as a site for a residential dwelling development. It is likely such a site will have a sale value in the region of \$250,000.

## 10. Agreement For Sale and Purchase

Following a negotiation process, Mr Drumm (vendor) has offered to sell the property to council for the sum of \$490,000.

The offer to sell is subject to:

1. Council approval to proceed with the purchase being granted on or before 20 July 2007, and;
2. Mr Drumm being granted first right of refusal to purchase the dwelling should it be offered for sale and removal. Mr Drumm to be afforded the right to acquire the dwelling for no less than the highest tender received by the council. Mr Drumm to have up to 100 days to remove the building from the site.

## 11. Funding Provision

The Flood Protection Operating Plan 2007-2016 provides a total of \$1.7 million for land purchase and compensation connected with the proposed Boulcott/Hutt stopbank. This includes \$250,000 (GST exclusive), provided in 2007/08, for purchase of the property at 59 Connolly Street.

This budget, set by indexing the 1999 estimate using the relevant construction cost indices, provides a 37% increase over the 1999 prices. However, property prices in Lower Hutt have almost doubled during this period. There is potential to recover a significant portion of the purchase price by the sale of the exiting dwelling and a 400 m<sup>2</sup> section on completion of the relevant section of the stopbank.

The proposed date of settlement for the purchase is 15 working days from the date of Council approval. The rental income from the property will more than cover the additional debt servicing costs until construction works get underway.

## 12. Communication

Direct communications with the community on this report are not appropriate at this stage.

## 13. Recommendations

*That the Committee recommends that Council:*

1. **Receives** the report.
2. **Notes** the content of the report.
3. **Approves** the purchase of the property at 59 Connolly Street for the sum of \$490,000 GST inclusive from Mr H.G. Drumm on the terms and conditions as set out in Section 10 of this report.

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**Attachment 1: Report PE04.541**

**Attachment 2: Location Plan**

**Attachment 3: Valuation report**

**Public excluded**