

Report to:	Council – Public Excluded	
Date:	23 February 2022	
Subject:	Formal offer for sale and purchase of land relating to the Old Council Building Site	
Prepared by:	Will Doughty	
Input sought from:	Dave Clibbery – Senior Manager Operations	
Authorised by:	Will Doughty	

1. SUMMARY

Following feedback from public consultation in April 2021, the Council approved the demolition of the Old Council Building at 34 Esplanade in May 2021. A two-stage demolition process is currently underway. Given the cultural significance of the area it has always been a consideration to offer the land for purchase back to Te Rūnanga o Kaikōura in the first instance before considering any alternative options for disposal. Ongoing discussions to that effect have been held with Te Rūnanga o Kaikōura representatives at a governance level over the last 12 months. The purpose of this paper is to seek approval to make a formal offer to Te Rūnanga o Kaikōura to purchase Lot 2 DP 5184 in line with the market valuation received at the end of August 2021.

2. RECOMMENDATIONS

That the Council:

- (1) Notes that the two stage demolition process is currently underway with total costs anticipated to be in the region of \$75,000 to \$100,000.
- (2) Notes that there have been ongoing discussions at a governance level with Te Rūnanga o Kaikōura with regard to the potential sale and purchase of Lot 2 DP 5184 contained within Certificate of Title Identifier MB3D/211.
- (3) Approves that a formal offer to purchase Lot 2 DP 5184 is made to Te Rūnanga o Kaikōura in line with the external valuation received in August 2021.
- (4) Delegates the Mayor and Chief Executive Officer to continue discussions and negotiations around the potential sale and purchase of Lot 2 DP 5184 with Te Rūnanga o Kaikōura.
- (5) Requests the Chief Executive Officer to report back on the outcomes of the negotiations prior to any agreement being signed or other options for disposal being considered.
- (6) Delegates the Chief Executive Officer to determine the release of this public excluded report.

3. BACKGROUND

3.1 Current status of the demolition project

Public Consultation in accordance with the provisions of the Special Consultative Procedure of the Local Government Act 2002 was undertaken in April 2022 with respect to the demolition of the old Council offices at 34 Esplanade. Following consideration of responses, the Council resolved to proceed with the demolition at the meeting of the 26th May 2022.

A two stage demolition process is currently underway. The first stage includes the removal of asbestos from the building which will be completed before the end of February. The second stage includes the building and slab demolition and removal which is expected to be tendered locally in March and completed by June 2022.

The total cost of the demolition and clearance process is anticipated to be between \$75, 000 - \$100, 000.

3.2 Discussions held to date with regard to potential sale or disposal of land

As part of the consultation with regard to the potential demolition of the building a number of options were considered as outlined in the Statement of Proposal included in Appendix A. The statement of Proposal highlights that the current old Council building covers two titles, one of which (marked 'B' on Figure 1 and shown below) is freehold, but with the larger part of the building (about two-thirds) being on Local Purpose Reserve (County Buildings) – marked 'A' on that Figure.



Figure 1: General Location – Old Council Offices at 34 Esplanade

Given the cultural significance of the area, it was always intended that discussions would be held with Te Rūnanga o Kaikōura in the first instance should Council wish to dispose of any land. Those discussions have been ongoing at a governance level for the last 12 months to keep Te Rūnanga o Kaikōura up to date with the progress of the project.

Meetings have also been held with both Ngāi Tahu Holdings and the Department of Conservation representatives to confirm the status of the land. Through those discussions it has been confirmed to all parties that Lot 2 DP 5184 contained within Certificate of Title Identifier MB3D/211 (the area marked "B" on Fig 1) is freehold title held by Kaikōura District Council and is not subject to the First Right of Refusal process. Technically, Council could therefore proceed with open market sale of the land in question.

Council also requested a formal valuation of Lot 2 DP 5184 which was completed by Maxwell Valuation at the end of August 2021 (included in Appendix B). The valuation report assessed the current market value at that time to be \$325,000 excluding any GST payable on site.

This valuation has been shared with Te Runānga o Kaikōura in good faith, who have now requested that Kaikōura District Council put any formal offer to purchase in writing to them.

4. PROPOSAL

The recommended proposal is that a formal offer to purchase Lot 2 DP 5184 contained within Certificate of Title Identifier MB3D/211 is made to Te Runānga o Kaikōura at the market value of \$325,000 (noting that this could have increased since 1st September 2021) and that the Mayor and CEO are delegated responsibility to continue the discussions and negotiations.

The Council may wish to indicate an acceptable range for negotiation noting that the cost for demolition of the old Council facilities is likely to be in the order of \$75,000 to \$100,000 and also the fact that Council has very little freehold land available. The Council may also wish to give consideration to the future use of any surplus funds (over and above the cost of demolition) received if the sale of the land to Te Rūnanga o Kaikōura goes ahead. For example, ringfencing those funds for any future joint initiatives or projects.

Alternative proposals considered include:

- Sale of the freehold title on the open market
- Gifting of the land to Te Rūnanga o Kaikōura
- Retention of the land once the old building has been removed.

Given the cultural significance of the area in question it is not considered appropriate that open market sale is considered at this stage. Gifting the land to Te Rūnanga o Kaikōura would mean that the costs for demolition are not recovered as well as potential concerns with regard to the management of valuable Council assets. Likewise, retention of the land once the building has been removed would mean that in the short term the costs for demolition are not recovered. A formal offer to Te Rūnanga o Kaikōura is therefore recommended in the first instance.

5. COMMUNITY OUTCOMES

The issue discussed in this report relates to the community outcomes below.



Our community is resilient, safe and well and has their essential needs met



Our infrastructure, housing and community facilities are easily accessible, cost effective and able to withstand our natural hazards.



Our community participates in decisions and planning in a way that benefits our future.

Appendix A: Statement of Proposal for demolition consultation April 2021

Appendix B: Formal valuation received 30th August 2021.