



ATTACHMENTS

**Council Meeting
Under Separate Cover**

Wednesday, 19 April 2023

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SH8B/Barry Ave Roundabout

Central Otago District Council

18 November 2022

Central Otago District Council
Cromwell

Attn: Sanchia Jacobs and Anna Harrison
Via Email sanchia.jacobs@codc.govt.nz and anna.harrison@codc.govt.nz

Dear Sanchia and Anna,

We are writing to request an urgent reconsideration of the proposed sale of community land to NZTA for the roundabout and underpass currently under construction at the corner of State Highway 8B, Barry Avenue and Blondie Drive intersection.

The Council's decision to now seek payment from Wooing Tree Development LP for \$118,000 to pay for public land used in the Barry Ave Roundabout is disappointing and, in our opinion, completely unreasonable. It is symptomatic and consistent with the view we have heard expressed within Council and by particular a Councillor; that because Wooing Tree Estate is delivering more sections than what is previously consented it should pay for roundabouts, underpass, roading upgrades and land.

Wooing Tree Estate has been comprehensively designed to deliver a blend of housing types and housing diversity. We are not just providing large section types for the wealthy but also a range of section sizes, small to large, low through to higher density. We have achieved a broader cross section of demographic and housing price points and we are delivering quality affordable options. To do so we have focused on quality design, road cross sections, landscaping, buffer zone, open space reserves, footpaths and cycleways, which require a much greater investment than standard subdivisions such as Prospector Park and Gair Estate. Overall Wooing Tree Estate is delivering a high-quality neighbourhood that has been commended by the industry and the broader community members. We have had several requests to enter the development into industry awards given it is considered to have achieved best practice in design, and to be an exemplar of subdivision, quality urbanisation and land-use. It will likely feature in several upcoming industry events.

Council staff had previously committed, in writing, that CODC would contribute this land to the roundabout at zero cost due to the "greater roading benefit". Commercial decisions are made on such commitments and reversals of such positions are not reasonable. Compounding the situation, no value has been attributed to the land required to be contributed by Wooing Tree on the opposite side of State Highway 8B.

Overall, there has been virtually no recognition of the benefit of the development and the infrastructure it provides to the Central Otago district. The cost burden unreasonably falling on Wooing Tree Estate is now potentially having implications on design and investment on the balance of the project as we seek savings, potentially reducing investment in our internal cycleways, underpass landscaping, roundabout landscaping and other areas. There will also be an impact on the development programme and our ability to fund the timely delivery of housing due to these additional costs. We note that we have made prior requests for relief from full development contribution payments to offset such cost impacts, this was supported by council staff, but rejected by councillors. We are asking that CODC reviews its position on the roundabout land and overall roading contribution offset. We seek a fair, impartial hearing and we ask CODC to consider what is fair and equitable and how would other councils deal with such matters given the significant upgrades and broader community benefits.

Veros has extensive experience managing subdivisions and infrastructure projects around NZ, for the private sector and also for councils. We provide advisory services for councils and are engaged by councils to draft and negotiate development agreements for private and public partnerships for infrastructure upgrades that support both community growth and private sector development. We have been disappointed in the manner with which

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Councillors, one in particular, have influenced and undermined process on cost and contribution to what is a significant community asset with significant immediate and long-term benefit.

We intend to seek a comprehensive review of the process however would like to discuss this matter with yourselves before progressing.

Background

The district plan requires the delivery of the roundabout and pedestrian underpass prior to certain development milestones at Wooing Tree Estate. The district plan does not address who needs to deliver this infrastructure or how it should be funded. Council's long-term plan (LTP) makes provision for \$650,000 to assist in funding the delivery of the underpass. This provision was 81% level of service funded and 19% growth funded and was forecast for the 2020/21 financial year. This is a clear demonstration of the community benefit it provides. This allowance was specifically highlighted by Council staff in meetings with the Wooing Tree Development LP and suggested as a means for Council to contribute to this infrastructure.

Wooing Tree Estate collaboratively entered into an agreement with Waka Kotahi to deliver the roundabout and underpass at Barry Ave under the same construction contract as the State Highway 6 and State Highway 8B roundabout to minimise disruption on the local community and achieve construction efficiencies.

Wooing Tree Estate is funding the roundabout and pedestrian underpass at the intersection of Barry Ave, State Highway 8B and Blondie Drive in full.

The total cost of the infrastructure is currently \$4,393,000 (excl. land) apportioned as follows:

Roundabout	\$ 3,285,000
Underpass	\$ 1,108,000
<u>Total</u>	<u>\$4,393,000</u>

The total value of the roundabout is currently escalating with WKNZTA seeking variations up to \$450,000 on top of the \$ 4,393,000

The land required from Council to deliver the roundabout is 1,740m². A valuation commissioned by council valued this land at \$117,700 and council has rounded this to \$118,000. Council is now seeking payment for this amount.

Wooing Tree Estate has contributed 2,950m² of land for the roundabout. No value was attributed to this land by WKNZTA's valuer.

The roundabout has been geometrically designed to support the broader Cromwell area and provide for future population growth, that is the roundabout design is not specific to Wooing Tree Estate and the associated traffic movements. This has required a larger footprint to accommodate the future population growth over the next 50 years.

- A roundabout geometrically designed to support existing Cromwell and Wooing Tree Estate would be designed to accommodate a 28m wide central annulus. The cost is estimated at approximately \$2,186,000.
- The WKNZTA future proofed roundabout with a central annulus 40m wide and has been estimated to cost \$2,961,000, therefore there is an additional \$ 775,000 of additional cost for a future proofed roundabout.
- The future proofing of the roundabout has resulted in additional land within the Central Otago District

Council owned side of the roundabout and within Wooing Tree Estate.

Of Cromwell's 30-year growth forecast Wooing Tree Estate is approximately 10-15%.

Notwithstanding, Wooing Tree Estate has now agreed to pay for all of the roundabout construction costs which includes the future proofed, 40m central annulus over sizing of the roundabout which is for the benefit of broader Cromwell. The benefits of the roundabout for broader Cromwell are significant, namely:

- Significant safety improvements
- Significant connectivity and traffic management improvements and congestion reductions
- Pedestrian and cyclist connection to recreational areas to the north of Cromwell town centre
- Supporting future growth of the broader Cromwell district.

See figure 1 of the constructed roundabout which is equal to the size of the roundabout on the corner of SH8B and 6.



FIGURE 1: SH8B, BARRY AVE AND WTE ROUNDABOUT

The pedestrian underpass is not required by WKNZTA. Wooing Tree Estate took a broader view of pedestrian and cycleway connectivity, with a lens not simply specific to Wooing Tree but more broadly for Cromwell. As such we did not seek alternate or suboptimal pedestrian and cycleway design solutions. There are clear benefits of the pedestrian / cyclist underpass to the broader Cromwell which are:

- Improving pedestrian interconnectivity through Wooing Tree Estate to Lake Dunstan via McNulty Inlet

- Creating a cycleway connection between Lake Dunstan and Cromwell North via Wooing Tree Estate to the Cromwell Mall. This will support and connect cycle tourists to local business in the Cromwell Mall and further enhance the region's reputation and desirability for cycle tourism.
- Substantially improving safety for pedestrians, cyclists, and motorists by creating a grade-separated split between respective users.

Wooing Tree Estate have also provided additional land (to be vested) for the connections associated with the pedestrian underpass at no cost (213m²).

Additionally, Wooing Tree Estate have proposed to connect the pedestrian underpass with internal cycleways within Wooing Tree Estate. These cycleways will connect the pedestrian underpass with Shortcut Rd to McNulty Inlet, they will be designed wider as shared paths to support both pedestrian and cyclists and will run through the greenway system.

Until recently we understood the two roundabouts (SH6/SH8B and SH8B/Barry Avenue) and underpass works would be a collaboration and cost share between Waka Kotahi, CODC and WTDP.

Further CODC staff confirmed in writing (23rd October 2018) that the community land would be contributed at \$ 0 in consideration of the broader Cromwell roading network, cycle and pedestrian connectivity and safety outcomes. This assumption has been embedded into development planning since. There were previous commitments and LTP provisions that the underpass would be funded by CODC.

Given the broader community benefits of the oversized roundabout it would normally follow that collaboration and contribution is provided by council and or community.

Wooing Tree Estate is anticipated to yield between 360-390 residential allotments plus approximately 1,000m² GFA of boutique retail space. We recognise this is more than the original plan change of 210 sections. Several councillors and council executive staff have taken the position that more sections mean more profit, therefore Wooing Tree Estate should receive no financial contribution offsets. Typically, council provides for financial offset where the developer / private sector upgrades infrastructure that have broader community benefits, such is the case here. In regard we provide the following observations:

- There are more sections however on the same area of land, that is, we have used the land more efficiently and importantly supported more affordable outcomes than if we delivered the original 210 sections. Efficient land use outcomes and density are encouraged by all other councils and central government across all the other regions we work across in NZ.
- To deliver high density outcomes it is critical that the subdivision and neighbourhood are developed comprehensively with significantly more master planning and comprehensive design given to the section layout, roading layout and house design. All of which costs significantly more than a typical roading design such as in Prospector Park or Gair Estate. The increased costs start with design and detailing, construction costs, landscaping costs, irrigation costs and maintenance costs.
- A substantial proportion of proposed retail space, approved under Plan Change 12, has been replaced (swapped) with residential development following Council resistance to applications consistent with the consented baseline set in plan change 12.
- Council and the broader community receive additional financial contributions of **\$2,225,160** (plus GST) for the greater number of lots delivered on Wooing Tree Estate.

We request that you review the information included within this letter and reconsider your position on seeking financial contribution for the land required to deliver the roundabout at the intersection of Barry Avenue, State Highway 8B and Blondie Drive.

Orangethorpe Community Board meeting

22 March 2020

We look forward to speaking with you and working through these matters collaboratively.

Yours faithfully

Duarne Lankshear
Director
Veros Property

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22 March 2023

**23.2.4 REVIEW OF PROPOSAL TO DISPOSE OF PART OF RECORD OF TITLE 13B/860 TO WAKA KOTAHİ NEW ZEALAND TRANSPORT AGENCY AS AGENTS OF THE CROWN (PRO: 62-3047-00).****Doc ID: 621471****1. Purpose of Report**

To consider the compensation required in disposing approximately 1,740 square metres of Record of Title OT13B/860, to Waka Kotahi as agents of the Crown, for the purpose of constructing a roundabout at the intersection of State Highway 8B and Barry Avenue.

Recommendations

That the Cromwell Community Board

- A. Receives the report and accepts the level of significance.
- B. Notes the previous agreement with Waka Kotahi for the compulsory acquisition of this land.
- C. Recommends to Council the Community Board resolution of 21 June 2022 to dispose of approximately 1,740 square metres of Record of Title OT13B/860 to Waka Kotahi New Zealand Transport Agency for \$118,000 (One Hundred and Eighteen Thousand Dollars) plus GST (if any) be upheld.
- D. Authorises the Chief Executive to do all that is necessary to give effect to the resolution.

2. BackgroundOriginal Report

At its meeting of 21 June 2022, the Cromwell Community Board (the Board) considered a proposal to dispose of approximately 1,740 square metres of land, Record of Title OT13B/860, for the purpose of constructing a roundabout at the intersection of State Highway 8B and Barry Avenue.

The report also recommended that Waka Kotahi be granted consent to erect temporary security fencing around a portion of Section 126 Block III Cromwell Survey District to provide for the safe construction of new footpaths which are being constructed as part of the project.

The June 2022 report superseded an existing report of 29 March 2022 which considered a proposal to dispose of approximately 2,720 square metres of land, Record of Title OT13B/860, for the purpose of constructing a roundabout at the intersection of State Highway 8B and Barry Avenue.

Waka Kotahi revised their plan of the works to remove the additional area taken for sight lines. Sight lines are used to provide unimpeded views of approaches to intersections, corners, and roundabouts. While sight lines are not a compulsory construction requirement, they do improve visibility which makes it safer for road users. As the roundabout is constructed on a flat road which has good visibility, sight lines were not required in this instance.

As a result of the reduced sightlines the area of land to be taken from Record of Title OT13B/860 (the areas marked 'A' and 'B') was reduced significantly, from 2,720 square to just 1,740 square metres.

A map of the 1,740 square metres taken for the purpose of the roundabout and the temporary compound is shown in Figure 1. The parcels marked "A" and "B" were acquired from Record of Title OT 13B/86.

The parcel marked "C" with an area of approximately 2950 square metres has been taken from Section 3 Survey Office Plan (SO) 461514 (Section 3). Section 3 is owned by the developers of the Wooing Tree residential subdivision.

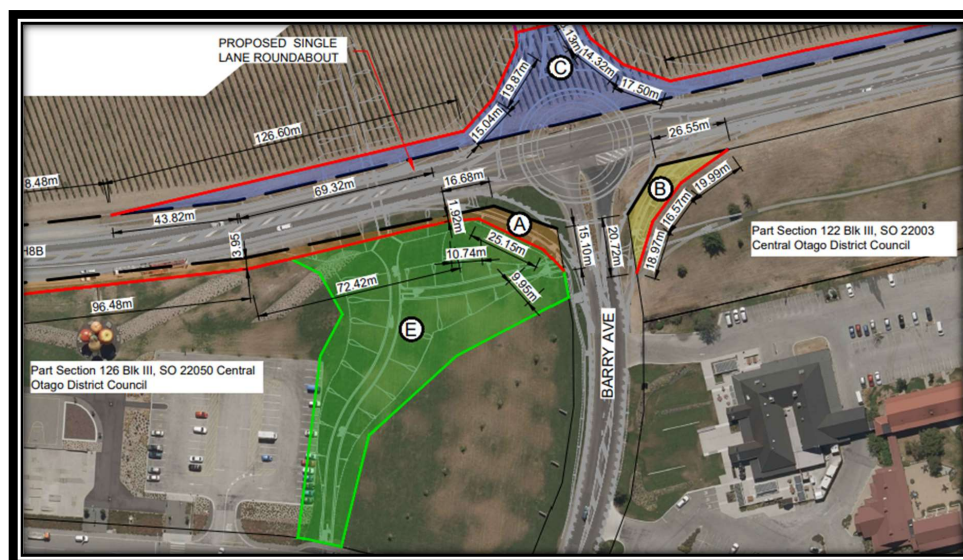


Figure 1: Plan of works/land to be taken from RT OT13B/860

The resolution of the Board (22.2.4) is as follows:

22.4.4 PROPOSAL TO DISPOSE OF PART OF RECORD OF TITLE 13B/860 TO WAKA KOTAHİ NEW ZEALAND TRANSPORT AGENCY AS AGENTS OF THE CROWN (PRO: 62-3047-00).

To consider disposing of approximately 1,740 square metres of Record of Title OT13B/860, to Waka Kotahi as agents of the Crown, for the purpose of constructing a roundabout at the intersection of State Highway 8B and Barry Avenue, and to consider allowing Waka Kotahi to erect a secure compound around part of Section 126 Block III Cromwell Survey District for the duration of the construction of new footpaths and underpass.

COMMITTEE RESOLUTION

Moved: McKinlay

Seconded: Laws

That the Cromwell Community Board

- A. *Receives the report and accepts the level of significance.*
- B. *Notes the previous agreement with Waka Kotahi for the compulsory acquisition of this land.*

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C. *Agrees to:*

1. *Dispose of approximately 1,740 square metres of Record of Title OT13B/860, being the parcels marked "A" and "B" as identified in figure 2, to:*
 - *Waka Kotahi New Zealand Transport Agency as agents of the Crown.*
 - *In accordance with the provisions of the Public Works Act 1981.*
 - *For \$118,000 (One Hundred and Eighteen Thousand Dollars) plus GST (if any).*

Subject to:

- *The income being paid to the Cromwell Property General Account and held for the purpose of for the purpose of purchasing, enhancing, and/or maintaining, land within the Cromwell ward.*
2. *To agree to allow Waka Kotahi New Zealand Transport Agency to erect a secure compound around the area marked "E" as shown in figure 3 (Footpath Construction Zone), for the duration of the construction of the footpaths and underpass (as required), at no charge.*

D. *Authorises the Chief Executive to do all that is necessary to give effect to the resolution.*

CARRIED with Mr Buchanan recording his vote against

This decision was ratified by Council 24 August 2022.

Acquisition and Compensation

Waka Kotahi did not formally notify Council of their intention to acquire the land. Instead, the land was taken through negotiation.

To enable the negotiations to take place, Quotable Value were engaged to value the land on a 'before and after' basis pursuant to the provisions of the Public Works Act 1981 (the Act).

The land was valued (before acquisition), then again considering the reduced area (after acquisition). Compensation was assessed and paid as the difference between the two values being the overall reduction in the market value.

The guiding principle of the Act is to ensure that the property owner is no better or worse off after the acquisition and that the acquiring authority is also no worse off due to the specific requirement for the property to be acquired.

Valuation Summary

Quotable Value (QV) valued the land in January 2022 on the basis of the original acquisition area of 2,720 square metres.

QV assessed the 'before' acquisition value of Record of Title OT13B/86 (at 4.9568 hectares) to be \$3,370,000 (Three Million Three Hundred and Seventy Thousand Dollars) plus GST (if any).

QV assessed the 'after' acquisition value of Record of Title OT13B/86 (at 4.6848 hectares) to be \$3,186,000 (Three Million One Hundred and Eighty Six Thousand Dollars) plus GST (if any).

As noted in the report dated 29 March 2022, Quotable Value (QV) valued the 2,720 square metres of land to be taken from Record of Title OT13B/860 at \$184,000 (One Hundred and Eighty Four Thousand Dollars) plus GST (if any).

This equated to a square metre rate of \$67.65 plus GST (if any).

The square meterage rate was applied to the revised area of 1,740 square metres, the value of the smaller area of land was calculated to be approximately \$117,711 (One Hundred and Seventeen Thousand Seven Hundred and Eleven Dollars) plus GST (if any).

As the general rule of thumb a parcel of land increases in value as it reduces in size, therefore it was proposed that the compensation payable be rounded up to \$118,000 (One Hundred and Eighteen Thousand Dollars) plus GST (if any).

3. Discussion

Veros Property (developer of Wooing Tree Estate) has requested a review its decision to dispose approximately 1,740 square metres of Record of Title OT13B/860 to Waka Kotahi for \$118,000 plus GST (if any). A letter from Duarne Lankshear (Veros Property) is attached in **Appendix 1**.

The district plan requires Wooing Tree Estate to deliver a roundabout and underpass prior to a certain milestone of their development. Whilst the district plan does not specifically outline the who delivers and funds this infrastructure the responsibility does not sit with Council.

In September 2021 Waka Kotahi confirmed they would not be funding any part of the roundabout or underpass.

Following the decision of Waka Kotahi to fund the works, Wooing Tree Estate approached Council to consider:

- (a) A fair and equitable contribution to the roundabout and underpass construction costs. Wooing Tree Estate will fund the roundabout.
- (b) Entering into a developer's agreement with Wooing Tree Estate whereby costs associated with the underpass are credited against roading development contributions.

At the Council meeting of 9 December 2021 Council considered contributing to funding of the underpass through a reduction of the remaining roading development contributions of up to \$630,000.

The resolution of the 9 December 2021 Council meeting noted that construction of the underpass had been included in a previous Long-term Plan, however Waka Kotahi had not approved the funding given it was a condition of consent for the Wooing Tree development. Consequently, it was removed from the 2021 – 24 Long-term Plan and this had been made clear to the developer prior to the fast-track consent process application. Council declined the request to contribute to funding of the underpass.

Wooing Tree Estate are therefore funding the roundabout and pedestrian underpass at the intersection Barry Ave, State Highway 8B and Blondie Drive in full. This is at a cost of \$4.4

million.

The attached letter talks to lack of recognition of the benefit of the Wooing Tree development and the infrastructure it provides to the Central Otago District.

The letter also refers to council staff committing in writing to contribute the land at zero cost due to the greater roading benefit. This correspondence with the developer was caveated with the fact it was not an officer decision and that approval from Council was required.

The option of providing the land at \$Nil cost was not included for consideration in the previous reports presented to the Community Board on 22 June 2022. This new report provides an option for the Community Board to provide the land at \$Nil cost.

The reason the \$Nil cost was not included in the previous report is because the roundabout and underpass are located on a State Highway corridor and therefore the responsibility sits with the developer and Waka Kotahi.

The original discussion around zero cost was based on the recognition that Wooing Tree Estate were providing infrastructure that benefits the town and were funding the full cost when the roundabout was providing for growth in population beyond that of the Wooing Tree development.

That said, improvements within the State Highway corridor are considered to sit with Waka Kotahi not Council. Any further discussion should be between Wooing Tree Estate and Waka Kotahi only.

4. Financial Considerations

Amending the community boards recommendation to sell portion of Record of Title OT13B/860 for \$118,000 plus GST (if any) to \$Nil will reduce the availability of funds for the purpose of purchasing, enhancing, and/or maintaining land within the Cromwell ward.

5. Options

Option 1 – (Recommended)

To agree uphold the decision of 21 June 2022 to dispose of approximately 1,740 square metres of Record of Title OT13B/860, being the parcels marked "A" and "B" as identified in figure 1, for \$118,000 (One Hundred and Eighteen Thousand Dollars) plus GST (if any).

Advantages:

- Recognises the provisions of the Public Works Act 1981.
- Is consistent with Council's Roading Policies and with other Council initiated road stoppings.
- Is consistent with the agreement to dispose of the land being taken to construct the roundabout at the intersection of State Highways 6 and 8B (Junction of the Highways).
- The sale proceeds will be retained for the purpose of purchasing, enhancing, and/or maintaining land within the Cromwell ward.

Disadvantages:

- The full cost of growth sits with Wooing Tree Estate.

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Option 2

To amend the decision of 21 June 2022 to dispose of approximately 1,740 square metres of Record of Title OT13B/860, being the parcels marked "A" and "B" as identified in figure 1, for \$Nil cost.

Advantages:

- Would be agreeable to Wooing Tree Estate.

Disadvantages:

- Council would be providing land at \$Nil cost for the benefit of upgrades in the state highway corridor.
- Is not consistent with Council's Roading Policies and with other Council initiated road stoppings.
- Is not consistent with the agreement to dispose of the land being taken to construct the roundabout at the intersection of State Highways 6 and 8B (Junction of the Highways).
- Will create a precedent.
- No income will be retained for the purpose of purchasing, enhancing, and/or maintaining land within the Cromwell ward.

6. Compliance

Local Government Act 2002 Purpose Provisions	The Local Government Act 2002 does not apply to this decision, but. The proposed disposal of the land and the payment of the compensation is consistent with the provisions of the Public Works Act.
Decision consistent with other Council plans and policies? Such as the District Plan, Economic Development Strategy etc.	Council has no policy regarding the sale and/ or disposal of land required for public works.
Considerations as to sustainability, the environment and climate change impacts	The disposal of the land to Waka Kotahi will have minimal environmental and climate change impacts. Construction of the roundabout will facilitate more efficient use of the transport network.
Risks Analysis	There are no risks associated with the recommendation. As the land is being taken/disposed of in accordance with the provisions of the Public Works Act 1981, the taking is compulsory.
Significance, Consultation and Engagement (internal and external)	The Significance and Engagement Policy has been considered with none of the criteria being met or exceeded.

7. Next Steps

The recommendation is taken to Council 19 April 2023 for ratification.

8. Attachments**Appendix 1 - WTE_Land Acquisition Letter_CODC 18.11.22.pdf**

Report author:

Reviewed and authorised by:



Quinton Penniall
Infrastructure Manager
10/03/2023



Louise van der Voort
Acting Chief Executive Officer
15/03/2023