

20 April 2021

14 CONFIDENTIAL REPORTS

21.3.11 GAIR AVENUE, CROMWELL - SUBDIVISION UPDATE

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Public Excluded

Section under the Act	The grounds on which part of the Council or Committee may be closed to the public are listed in s48(1)(a)(i) of the <i>Local Government Act 2002</i> .
Sub-clause and Reason:	s7(2)(h) - the withholding of the information is necessary to enable Council to carry out, without prejudice or disadvantage, commercial activities.

1. Purpose

To update the Board on the final outcome of Gair Ave residential subdivision in Cromwell.

Recommendations

That the Cromwell Community Board

- A. Receives the report.
- B. Recommended that the report be made publicly available from the date of this meeting but that all financial details of the development are permanently withheld, with the exception of actual total level of proceeds to Council, which may be released from the date of this resolution.

2. Discussion

On 25 April 2017 and 5 October 2017, by resolution 17.3.16 and 17.7.18 respectively, the Board agreed to 4.8 hectares (subject to survey) of the 10.3846 hectare residential land at Gair Estate being developed by AC/JV Holdings Ltd, with a development fee equivalent to 50% of the profit after considering the value of the land and development costs.

A Development Deed (the Deed) signed on 21 December 2018 resulted in 78 residential lots being developed.

The intention of the Deed was for Council to obtain a greater return than just selling the land for block value, while minimising the risk to Council of being involved in development of the land.

A Report for Information was presented to the Cromwell Community Board on 23 July 2019. This is attached as **Appendix 1** and provides further background on the development including the subdivision plan.

The appended report updates progress as at 8 July 2019. At that date 37 sections had sold with 18 settled and a further 19 sections were under contract. The projected total proceeds to council at that time were \$9,476,067 including land value and sales.

Final Update

All sections have now sold with the last section settling on 22 January 2021.

The following table summarises the final income and costs for the development with the total net profit to council being \$9,749,994.

FINAL FINANCIAL SUMMARY	
Subdivision sales income	
Net sales for all lots (excl GST)	
Income from access rights	
Total Gross Income	
Less development costs (excl GST)	
Sales legal fees	
Real Estate Commission	
Development costs incurred by council	
Development costs incurred by developer	
Subtotal development costs	
Cost of council contributed land	
Total development costs	
Total profit before development fee (excl GST)	
Less Developers 50% Development Fee	
Proceeds to council (excl GST)	
Profit to Council for subdivision activity	
Proceeds to council from sale of land for development	
NET PROFIT TO COUNCIL	\$9,749,994

3. Attachments

Appendix 1 - 20190723 - Gair Estate Residential Development Update.pdf [↓](#)

Report author:

Reviewed and authorised by:



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7/04/2021

9/04/2021

Released from public excluded