

## 200 Victoria Street West, Auckland Central property information

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### Executive summary

1. 200 Victoria Street West, Auckland Central was vested in the former Auckland City Council by the Crown in 1875 pursuant to the Auckland City Endowments and Reserves Act 1875.
2. Auckland Council owns the land only, which has a rating valuation of \$8.8 million. The property is subject to two ground leases, held by the same lessee, that together cover the entire site. The leases were granted in 1916 and are perpetually renewable at the lessee's option. The improvements, being a commercial building with retail and office uses, are owned by the lessee. The lessee has enquired about purchasing the land.
3. The property has not been used to deliver a council service since at least 1916 and was identified as a property that could potentially be recommended to the council for disposal. The rationalisation process commenced in March 2019. Consultation with council departments and its CCOs, iwi authorities and the Waitematā Local Board has been undertaken. Any alternative use or development potential is constrained by the ground leases. No current or future council service use has been identified through the consultation and the feedback received has been supportive of disposal. Accordingly, 200 Victoria Street West is recommended for disposal.
4. Sections 140 and 141 of the Local Government Act 2002 require certain conditions to be met before endowment property can be sold. One of the conditions is that the proceeds of the sale must be used for a purpose consistent with the purpose of the endowment. The purpose of the 200 Victoria Street West endowment is for the "improvement and benefit of the [City of Auckland]."
5. It is recommended that up to \$5.5 million of the proceeds of sale from 200 Victoria Street West be allocated to the proposed development of a civic space at 254 Ponsonby Road, Ponsonby. The development of 254 Ponsonby Road is the Waitematā Local Board's One Local Initiative. It is a two-stage project, with an estimated cost of \$5.5 million for stage one. Legal advice received is that this project is consistent with the endowment purpose.
6. If the proceeds of sale from 200 Victoria Street West are more than the \$5.5 million allocated to the development of 254 Ponsonby Road, it is recommended the balance be allocated to the Victoria Street Linear Park project in Auckland Central, provided this project is confirmed by council's Legal Services team as being consistent with the endowment purpose.

### Property information

7. 200 Victoria Street West is a prominent 1235m<sup>2</sup> corner site situated at the junction of Victoria Street West and Wellesley Street West, opposite Victoria Park in central Auckland. The property is located on the landward side of the historical foreshore and was acquired from Ngati Whatua by the Crown in 1840.
8. The property was vested in the council by the Crown in 1875 pursuant to the to the Auckland City Endowments and Reserves Act 1875 (Endowment Act) for the improvement and benefit of the City of Auckland. Because sale of the property is not

expressly prohibited by the Endowment Act, the property can be sold under section 140(4)(b) of the Local Government Act 2002 (LGA 2002), subject to conditions set out in section 141 of the LGA 2002 being:

- the proceeds of sale must be used for a purpose consistent with the purpose of the endowment (in this case, for the improvement and benefit of the City of Auckland); and
  - the council must notify the Minister for Land Information and the Minister in Charge of Treaty of Waitangi Negotiations of the proposal to sell the land.
9. Advice from council's Legal Services team is that, to comply with section 140 and section 141 of the LGA 2002, proceeds from the sale of this property should:
- be used for the improvement and benefit of the City of Auckland, being the geographical area as defined in the Municipal Corporations Act 1867, which includes the current Central Business District, Grafton and Freeman's Bay areas;
  - be used for something that contributes in a positive manner to the social, economic, environmental or cultural wellbeing of the community in the present and for the future;
  - be used on something that is enduring or permanent;
  - be used on something that benefits the community generally (not just a specific group);
  - takes into account the long-term planning goals for the relevant area.
10. A project with budget already approved through the council's 10-year Budget 2018-2028 (long-term plan) can be considered for use of the proceeds of sale, provided the project is consistent with the purpose of the endowment.
11. Any specific proposal for use of the proceeds of sale should be assessed in detail by the council's Legal Services team to ensure it meets the requirements set out in section 141 of the LGA 2002. Legal advice is that the use of the proceeds of sale must be identified before the property is sold and be set out in the notification to the relevant Ministers.
12. The Auckland Unitary Plan zoning is Business – City Centre. It has a council rating valuation of \$27,000,000 capital value, comprising \$8,800,000 land value and \$18,200,000 improvement value. Council owns the land only.
13. The property is subject to two perpetually renewable 21-year ground leases that were established under the Auckland City Parks Improvement and Empowering Act 1916.
14. Both perpetually renewable 21-year ground leases are to the same lessee and have been renewed continuously since establishment. A four-level commercial building covers the entire site and is owned by the lessee. Any alternative use or development potential is constrained by the ground leases.
15. The decision to sell the property does not meet the thresholds for a significant decision as set out in the Significance and Engagement Policy, particularly because it does not impact on service levels and does not involve a strategic asset.
16. 200 Victoria Street West is not subject to offer back obligations to the former owners in accordance with section 40 of the Public Works Act 1981.

## Internal consultation

17. The rationalisation process for this property commenced in March 2019.

18. Council's Built Heritage team advised there are no known built heritage interests at the site.
19. Council's Plans and Places team indicated there are no major policy planning issues that directly affect the property and recommended that any future development take into consideration the long term moves in the City Centre Masterplan.
20. Panuku also worked with the wider council group to understand any potential issues for the property and confirmed with departments and CCOs the following mechanisms are available to protect current and future infrastructure requirements:
  - The Healthy Waters team advised that a stormwater pipe under the property had previously burst but was repaired and has been monitored without issue for 10 years. A recent CCTV inspection confirmed it has no visible issues to date. Healthy Waters supported disposal of the property, but requested a risk be noted on the title. Panuku is seeking legal advice on an appropriate mechanism to record this risk.
  - Auckland Transport initially requested the property be retained to reduce the risk of consenting conflicts for the future Wellesley Street Bus Improvements Project, while noting that the site itself is not required for the project. However, as this potential risk can be managed through conditions on any sale the property does not need to be retained for this purpose.
  - The Engineering and Technical Services team advised that the site is not marked as a contaminated site or closed landfill. It was noted that the site is in near proximity to historical gas works and is surrounded by a significant number of contaminated sites. Should the site be approved for disposal, risk and mitigation reports may be required to confirm any potential contaminated land issues.
  - Watercare confirmed it has no ongoing interest in the site but requested that any purchaser be advised of the main sewer line that runs beneath the property and the requirement to obtain works over approval prior to any future construction.
21. No alternative planned or funded public work requirement for 200 Victoria Street West was identified through the internal consultation process and the proposed disposal of 200 Victoria Street West is supported by the council group. Accordingly, the property is now recommended for disposal.

## **Allocation of sale proceeds from 200 Victoria Street West**

22. The property at 200 Victoria Street West is owned by Auckland Council under the Endowment Act. The conditions in sections 140 and 141 of the LGA 2002 must be met before the property can be sold. These conditions include that the proceeds of sale must be used for a purpose that is consistent with the purpose of the endowment. The Endowment Act provides that the purpose of the 200 Victoria Street West endowment is for the "improvement and benefit of the [City of Auckland]."
23. The projects recommended for allocation of the proceeds of sale from 200 Victoria Street West were identified by council's Finance team by reviewing existing projects within the council's 10-year Budget 2018-2028. The projects recommended will also be assessed in detail by the council's Legal Services team to ensure the requirements set out in sections 140 and 141 of the LGA 2002 are met.
24. It is recommended that up to \$5.5 million of the proceeds of sale from 200 Victoria Street West be allocated to the proposed development of a civic space at 254

Ponsonby Road, Ponsonby. This project is a high priority for the Waitematā Local Board as its One Local Initiative.

25. The proposed development of 254 Ponsonby Road is a two-stage project, with an estimated total cost of \$11 million. The estimated cost of stage one is \$5.5 million. A business case is currently being developed. The Waitematā Local Board will work with staff on any remaining funding required for the 254 Ponsonby Road project as the final business case is developed. This could be a mix of funding from the One Local Initiative budget and other funding sources such as Service Property Optimisation.
26. Options for the development of 254 Ponsonby Road were reported to the Environment and Community Committee on 4 December 2018. The committee resolved to support the retention of the whole site for the purpose of developing a civic space. The report outlined:
  - The site would be well served as a civic space, given the general shortage in the area.
  - Ponsonby is a destination for many Aucklanders, so the civic space will service a wider catchment.
  - The civic space could support local events and be used in conjunction with regional events.
  - The preferred design proposes the re-use of existing buildings and structures and the development of a village green.
27. While the site at 254 Ponsonby Road sits approximately 300 metres outside the City of Auckland as defined in the Municipal Corporations Act 1867, legal advice received is that the project is consistent with the endowment purpose and that the proceeds of sale from 200 Victoria Street West could be used for the development of a civic space at 254 Ponsonby Road.
28. If the proceeds of sale from 200 Victoria Street West are less than \$5.5 million, it is recommended the full amount be allocated to the development of a civic space at 254 Ponsonby Road, with funding for any shortfall to be identified through the project business case.
29. If the proceeds of sale from 200 Victoria Street West are more than the \$5.5 million allocated to the development of 254 Ponsonby Road, it is recommended the balance be allocated to the planned works for the Victoria Street Linear Park project provided this project is confirmed by the Auckland Council Legal Services team as being consistent with the endowment purpose.
30. The Victoria Street Linear Park is an approved City Centre project with the business case underway. The project will increase the amount of green public space through the midtown area. This will have a benefit for the City Centre with better connections through walking and cycling.

## Local board engagement

31. The Waitematā Local Board resolved at its 21 May 2019 business meeting that it supports the proposed disposal of 200 Victoria Street West.
32. The development of a civic space at 254 Ponsonby Road is the Waitematā Local Board's One Local Initiative (resolution WTM/2018/173) and has had strong community support.
33. The Waitematā Local Board Plan 2017 notes the board's support for creating a green Victoria Street Linear Park in line with the City Centre Masterplan.

## Mana Whenua engagement

34. 15 Mana Whenua iwi authorities were contacted regarding the potential sale of 200 Victoria Street West, Auckland Central. The following feedback was received:
- a) **Te Runanga o Ngāti Whatua**  
No feedback received for this site.
  - b) **Ngāti Whatua o Kaipara**  
No feedback received for this site.
  - c) **Ngāti Whatua Ōrākei**  
No feedback received for this site.
  - d) **Te Kawerau a Maki**  
No feedback received for this site.
  - e) **Ngāi Tai ki Tāmaki**  
No feedback received for this site.
  - f) **Ngāti Tamaoho**  
No feedback received for this site.
  - g) **Te Ākitai - Waiohua**  
No feedback received for this site.
  - h) **Ngāti Te Ata - Waiohua**  
No feedback received for this site.
  - i) **Te Ahiwaru**  
No feedback received for this site.
  - j) **Ngāti Paoa**  
No feedback received for this site.
  - k) **Ngaati Whanaunga**  
No feedback received for this site.
  - l) **Ngāti Maru**  
No feedback received for this site.
  - m) **Ngāti Tamatera**  
No feedback received for this site.
  - n) **Te Patukirikiri**  
No feedback received for this site.
  - o) **Waikato-Tainui**  
No feedback received for this site.
35. Engagement with Mana Whenua on the two projects recommended for the allocation of the proceeds of sale from 200 Victoria Street West (the development of a civic space at 254 Ponsonby Road and the Victoria Street Linear Park project) will be undertaken within those projects.

## Next steps

36. Should the Finance and Performance Committee approve the disposal of 200 Victoria Street West, a disposal process will be undertaken in accordance with the conditions set out in section 141 of the LGA 2002, specifically:
- The proceeds of sale must be used for a purpose consistent with the purpose of the endowment, with identified uses to be confirmed by the council's Legal Services team as being in accordance with sections 140 and 141 of the LGA2002 prior to disposal.
  - The council must notify the Minister for Land Information and the Minister in Charge of Treaty of Waitangi Negotiations of the proposal to sell the land. Panuku will lead this process on the council's behalf once confirmation is received from the council's Legal Services team that the identified uses of the proceeds of sale are in accordance with sections 140 and 141 of the LGA2002.



# Images

Figure 1. Property outlined in blue.

