

From: [Andrea Hilton](#)
To: s7(2)(a)
Cc: [Toni Neale](#); [Peter Kelly](#)
Subject: Guildford Timber Company Limited and land transaction with UHCC
Date: Friday, 23 April 2021 3:42:00 pm
Attachments: [S&P conditions for UHCC meeting 17 March 2021.docx](#)
[Record of Meeting on 29 March 2021.msg](#)
[image001.gif](#)
[image002.gif](#)

Hi Joy

Further to our conversation this morning, negotiations have reached a point where terms and conditions for the sale and purchase agreement or agreements need to be in more detail than the high level conditions that we have discussed and you provided earlier. I think it would be useful if you were to meet with Peter Kelly and myself to discuss these terms and conditions in detail. With that in mind, could you please contact Toni Neale, Peter's EA, to arrange a time for you to come to the Council office.

To bring you up to date I enclose the following:

1. Terms and Conditions containing UHCC's conditions as at 22 December 2020 and GTC's response to those conditions dated 16 March 2021.
2. Email dated 30 March 2021 from A Hilton to J McKibbin recording the meeting held on 29 March 2021.

The Council had a workshop on Friday 9 April 2021 to give GTC an opportunity to tell the Councillors about their proposal to develop both the Council's Spur land and the GTC land. Valuations were also discussed.

After GTC representatives left, Councillors discussed with officers the proposal and the valuations. As you will recall from the Memorandum of Understanding, the original proposal was that there would be a land swap. Council land is labelled "Area B" on the plan attached to the sale and purchase conditions and GTC's land to be swapped with Council is labelled "Area A". At the workshop Councillors expressed more interest in selling part of the Spur to GTC than having a land swap. The Councillors also seemed more interested in selling part of the Spur than swapping the land. GTC have been informed of this and I believe GTC have also been informed that this would be officers' recommendation to the Council.

The valuations came back with the Council land being worth \$3M as at 20 December 2020 and Area A at \$1.8M as at 20 December 2020. GTC have been informed that if they wished to purchase only part of the Spur the price will need to be arrived at by a separate valuation rather than using the per hectare rates in the valuation. The reason behind this is that the part of the Spur that GTC would be interested in buying is the most valuable because:

- It is already zoned for residential development.
- Recent changes mean that the current lot sizes could be reduced.
- Topographically it is the most likely to be able to be developed.
- It is unlikely to have significant natural areas on it.
- Access is likely to be easier to this part

The Council has also stated that it will contribute 50% of the surveying costs to enable the land that GTC wish to purchase to be subdivided from the rest of the Spur. I note that in my

email of 30 March I said 50 % of subdivision costs, I think this was a mistake.

Background is that another developer would be interested in purchasing the Spur, however, officers see problems with this because the other developer is likely to develop the Spur with much less regard for the natural environment. This is an important consideration for the Council because there is substantial community resistance to the Spur being developed. The resistance can be divided into three main categories:

1. Environmentalists, including Forest & Bird, who are anxious to preserve the land as a natural corridor for fauna. The Spur has regenerating bush and creates the narrowest part of the valley so it is seen as a natural resting place for birds.
2. Silverstream Railway, a group of steam engine enthusiasts, who are concerned about houses too close to their railway track due to the risk of fire and also noise complaints.
3. Concern by Steven Pattinson that development over the GTC land will create flooding hazards for the residents of Pinehaven. He is stirring up trouble over any proposed sale to GTC.

By selling only part of the Spur the Council will be able to retain the balance of the land as a reserve and further develop this natural environment on the Spur. The proceeds of sale will provide a fund to start this and as a result, some of the resistance to a sale will be satisfied. In addition, the area that would be sold to be developed would be far enough away from the Silverstream Railway that the Silverstream Railway Society would be unlikely to be concerned about the sale. On the other hand, Mr Pattinson of Save Our Hills is not likely to be satisfied but it is unlikely he will have as much influence once Silverstream Railway and Forest & Bird are satisfied.

The driver for Council is the provision of land for housing. From an overview perspective my view is that contract terms and conditions should, as much as is realistic, ensure that there are some requirements relating to a subdivision of the area. There is no wish to be draconian about this, however, my thinking is that commercially reasonable conditions should be considered e.g. to require appropriate consents to be obtained and implemented within a certain period of time. Behind all this is the Council's Plan Change 50, which is a plan to deal with residential development across the Council District which will include GTC's land, that is currently not zoned for residential development. Therefore, my thinking is there should be conditions requiring GTC to develop the land within a reasonable timeframe after the Plan Change has been completed.

As discussed, the likely cost of the subdivision is to be in the hundreds of millions and GTC is a private company. GTC have told officers that acquiring the Spur land is important for the company to be in a position to finance any development. Considering the huge capital investment required of GTC I wonder if there should be some sort of condition that GTC satisfies the Council that it will be in a commercial position to start developing the land. My main concern is that there is reputational risk to the Council that, if the Council swaps the land with GTC and GTC falls over, it will look like the Council has not done due diligence in selling the land. However, the importance of this is also linked to the importance of acquiring the land for housing. Due to the changes in the Government's approach to housing, it is possible that the need for land for housing has reduced since 2016. At this stage it is difficult to determine exactly what the Council's position is in relation to availability of housing land because projections have not yet been locked in.

As I mentioned to you, GTC have not suggested any conditions at this stage that they would want to include in a sale and purchase agreement, however, I guess that will happen eventually and it will be a matter of you reviewing those conditions when we receive them.

I think this brings you up to date but if you need any information or have any questions before we meet please contact me.

Andrea Hilton

Kaitohutohu Mātāmua ā-Ture | General Counsel

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