

10. TURNERS AND GROWERS SITE REDEVELOPMENT – ADJOINING NEIGHBOUR NEGOTIATIONS

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The purpose of this report is to advise the Committee of progress on negotiations with the owner of two sites adjacent to the east end of the Council's Turners and Growers site, to recommend a preferred option, and to gain approval to enter into an agreement with that adjoining owner.

CONTEXT

At its meeting on 27 February 2003, the Council adopted a report which described various options which were being discussed with the owner of two sites adjacent to the Council's Turners and Growers site. It resolved:

1. That staff, together with the Chairman of the Property and Major Projects Committee and Mr Steve Collins (Turners and Growers Working Party and Central City Mayoral Forum member) negotiate options 3 and 5 with Mr McKee and report back to the Property and Major Projects Committee with a preferred package, achieving compatible development with the anticipated redevelopment of the Turners and Growers site.
2. That any negotiations include the following conditions:
 - (a) An agreement from Mr McKee not to oppose rezoning of the Turners and Growers site (or the entire block).
 - (b) That the McKee proposal be required to achieve a 3 storey development including the opportunity for mixed uses as detailed in his concept plans.
 - (c) That the proposed car park development be 2 levels and no higher than approximately 1.5 meters above ground, and include designs and landscaping which benefit the area and the adjoining Turners and Growers site.
 - (d) That the area proposed for car parking development on the eastern portion of the Turners and Growers site be used as a permanent space separation between the McKee site and the Turners and Growers development for a specified number of years or by mutual agreement by both parties.
3. That the Property and Major Projects Committee be given delegated authority to make a decision on which is the preferred option and, if applicable, to enter into the contractual arrangements necessary to effect that option.

Option 3 involved a land exchange between Mr McKee and the Council and the sale of Area D to Mr McKee. Option 5 involved a land exchange between Mr McKee and the Council, with the Council retaining Area D and building the car park.

Council officers, together with Mr Steve Collins have met with Mr McKee, the owner of the adjacent sites, and have reached agreement with Mr McKee on the terms and conditions (including approval by the Property and Major Projects Committee) for an exchange of land, and an undertaking by Mr McKee to carry out the construction of a car parking building on a part of the site owned by the Council. On completion, the car parks in the building will be unit titled. The Council will retain title to 60 car parking spaces on the lower level, and will transfer title to Mr McKee for the balance (approximately 60 spaces) on the upper level.

A draft sale and purchase agreement is being prepared to formalise these arrangements.

EXECUTIVE SUMMARY

At its meeting on 27 February 2003, the Council adopted a report which described various options that were being discussed with the owner of two sites adjacent to the Council's Turners and Growers site. It resolved that negotiations could proceed with the owner, and that the Property and Major Projects Committee should be given delegated authority to make a decision on which is the preferred option, and to enter into the necessary contractual arrangements necessary to give effect to that option.

Agreement has been reached with the owner of the adjacent site (Mr McKee) on a proposal which entails:

1. A land exchange to straighten the boundary between the sites owned by Mr McKee and the Council.
2. Construction by Mr McKee of a car parking building on the adjacent area of land owned by the Council.
3. Mr McKee will contribute the costs of design and construction of the car parking building. The Council will contribute the use of the land, plus a cash payment to Mr McKee on completion.
4. Unit titling of the car parks in the building on completion.
5. The Council retaining sixty parking spaces, with the balance being transferred to Mr McKee.

The agreement is subject to a number of conditions which have been agreed with Mr McKee.

DESCRIPTION OF THE PROPOSAL

At the east end of the Turners and Growers site there are two properties which are not owned by the Council (refer attachment). These are on the north east (Lichfield and Barbadoes Streets) and the south east (Tuam and Barbadoes Streets) corners. The same owner, Devon Street Holdings Limited, owns both properties. The sole director is Mr McKee, a local property developer. These two holdings were transferred to Devon Street Holdings in the latter part of last year. Between the two sites is a 15 metre wide strip of land which is owned by the Council and has frontage to Barbadoes Street. The western boundaries of Mr McKee's two sites are not on the same line, creating problems for both the Council and Mr McKee in terms of allowing the best development possibilities on the respective sites.

As mentioned above the present proposal is based on Option 3 of the report to Council in February. It entails:

1. A land exchange of Areas A and B owned by the Council, and C owned by Mr McKee. The area of A and B is equal to the area of C. This creates a straight boundary between the single parcel of land that Mr McKee would then own, and the Council's land.
2. Mr McKee undertakes to carry out the construction of a car parking building on an area of Council owned land (some 1,750 m²) at the east end of the Turners and Growers site. The building will be of two levels, with the lower level being around 1.5 metres below the natural ground level, so that the height of the building above the ground is minimized. The building will provide parking space for approximately 120 cars. Mr McKee's architect has produced drawings which show both the development proposed by Mr McKee on his site, and the car parking building.
3. Mr McKee will contribute the costs of design and construction of the car parking building. The Council will contribute the use of the land, plus a cash payment to Mr McKee on completion. Further details of the proposed financial arrangements are set out in the public excluded part of the report.
4. On completion of the building, it will be unit titled, to provide separate titles for each parking space. Sixty unit titles will be retained by the Council, with the balance being transferred to Mr McKee.

In addition to the matters set out in Items (a)–(d) of the Council's resolution above, the proposed agreement would also address the following:

- (e) That the agreement would not become unconditional until after resource consent is granted to Mr McKee for his proposed development, or such earlier time as may be agreed. Mr McKee to proceed diligently with applying for the resource consent.
- (f) Timing of availability of the area of the site presently occupied by a building which is being used by Turners and Growers as lessees of the site.

- (g) That the car park design provides for vehicle and pedestrian access between the car park and the Turners and Growers site (for both general access and the possibility of additional parking provisions in the future).
- (h) That Mr McKee will investigate the possibility of changing the arrangement of the car park ramps, to increase the number of parking spaces which can be provided. The Council will agree to provide such additional land as is needed to achieve this.

This condition has arisen because of the proposed position of access ramps to the upper level of the car park. The present drawings show these being placed on either side of an Orion owned substation on the Tuam Street frontage. After further consideration of the number of car parks which are able to be provided, it has been realised that by a slight widening of the building at this point, a number of additional car parks would be able to be created. The amount of additional land required to achieve this is thought to be approximately 20 m². Investigations to confirm this change are continuing.

As a way of formalising these terms and conditions, a draft sale and purchase agreement is being prepared for presentation to Mr McKee. Officers hope to be able to report on Mr McKee's comments at the meeting.

ISSUES FOR CONSIDERATION

The following issues were described fully in the 27 February 2003 report to Council, but are summarised and updated here:

- (a) **Boundary Alignment**

Without the exchange of land, Mr McKee would develop his two corner sites separately. Because of the dimensions of each site the opportunities for a mixed use development are limited, and the resulting development is likely to result in a light commercial/industrial development having tilt-slab concrete walls along the boundaries with the Council owned land.

The straightening of the boundary between the two sites which is achieved by the exchange of equal areas of land will allow for simpler planning of the future buildings on the turners and Growers site.

- (b) **Compatibility of Use**

One of the Council's aims when it decided to purchase the Turners and Growers site was for it to act as a catalyst for the provision of residential accommodation in the area. The proposed development by Mr McKee is directly supportive of this aim, and provides a strong expression of confidence in the market for this type of accommodation.

This proposal also has the advantage of securing the support of Mr McKee for the proposed variation to the City Plan for the area.

- (c) **Car Parking**

The provision of car parking spaces on the site will be of vital importance for the successful development of the entire block.

This proposal provides Mr McKee with the additional car parking spaces he would require to develop residential/office accommodation on his part of the site.

It also provides the Council with approximately the number of car parks (60) it would have been able to provide on the area of the site which will be occupied by the car parking building.

It is intended that the Council's unit titled car parks would be made available to the future developer of the Turners and Growers site.

It should be noted that this proposal does limit the opportunity for the Council to provide additional car parks on this area. For example, the opportunity to construct a multi-storey car park in this position is lost. This disadvantage needs to be weighed against the benefits offered by the proposal.

(d) **Timing**

If this proposal is accepted, it allows Mr McKee to proceed immediately with the planning, design and construction of his development and the car parking building. This meets his timing requirements.

It also allows the Council to describe this proposal in the Registration of Interest Document for the balance of the T&G site, which is presently being finalised for distribution to interested parties.

An issue of timing which needs to be resolved is that part of the area of land required for the proposed car parking building is presently occupied by a building which is being used by lessee of the site, Turners and Growers. This is presently being negotiated with Turners and Growers, and indications are that it will be able to be resolved.

CONCLUSIONS

This proposal provides several benefits to the Council:

1. It demonstrates confidence by a private developer in one of the Council's primary aims when it purchased the Turners and Growers site, namely the provision of residential accommodation in the area.
2. It provides a more sympathetic scale of development than would be achieved by the construction of high tilt-slab concrete walls around the two corner sites.
3. It rationalises the property boundaries, which will simplify the layout of future buildings on the Council's remaining site.
4. It secures the support of the adjoining landowner for the proposed variation to the City Plan.
5. Sixty undercover high quality car parks are provided for use by the future residents of the Turners and Growers site.

A disadvantage of the proposal is that it limits the possibility of providing more car parking spaces in the future, above what can be provided at present on the area of land.

In analysing whether the benefits described outweigh this disadvantage, it is necessary to consider whether the initial aims of the purchase of the Turners and Growers site will be advanced more by proceeding with the proposal, than by not proceeding.

Officers believe that proceeding with this proposal will significantly enhance the ability to achieve the Council's aims for the development of the site and the area, and this benefit outweighs the disadvantage regarding the ability to provide additional car parks.

The financial aspects of the proposal are detailed in the public excluded section of the report.

Staff

- Recommendation:**
1. That the proposal for a land exchange with an adjoining property owner, and the construction of a car parking building on land owned by the Council, as detailed in this report be approved.
 2. That the Council enter into an agreement with Devon Street Holdings Limited to give effect to the proposal outlined in this report. Such agreement to be in a form approved by the Council's Director of Legal and Secretariat Services.

Chairman's

Recommendation: Not seen by Chairman.