

15. CENTRAL CITY REVITALISATION: FINANCIAL ASSISTANCE 8-12 BEDFORD ROW

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The purpose of this report is to advise the Committee of proposals for the adaptive reuse of three buildings at the corner of Bedford Row and Manchester Street, to seek approval for Council financial assistance, and to establish a process for conducting negotiations.

BACKGROUND

At the September meeting of the City Services Committee it was reported that for some years the Council has been in negotiation with the owner of properties at 8-12 Bedford Row (Mr D Harwood) to undertake footpath improvements to enable the adaptive reuse of his property (i.e. ground floor caf bars, and residential above). This followed a study undertaken in 1997 by Ian Athfield of this general locality, which identified the potential of Bedford Row and other streets and their adjacent buildings for improvement and revitalisation. The Council at that time agreed to extend the footpath outside 8 Bedford Row, to facilitate the development of the property as a caf /bar restaurant.

In August 1999 the then Environmental Policy and Planning Manager, John Dryden, wrote to Mr Harwood confirming \$35,000 for street improvements from the Urban Renewal Account. Since that time two adjacent properties, 10 and 12 Bedford Row, have been incorporated into Mr Harwood's proposals, and the recent report to the City Services Committee sought to increase the amount by a further \$40,000, to be funded from the City Streets budget. The City Services Committee has conditionally recommended support for this additional funding to the Council.

Mr Dryden's August 1999 letter also offered \$45,000 for assistance with redevelopment of the character group building at 8 Bedford Row, through the Heritage Retention Incentive Grants scheme, "to assist with the seismic and fire safety upgrade and restoration work".

At that stage the matter proceeded no further, but from November 2000 there have been ongoing discussions with Mr Harwood about his proposals. He now has a number of prospective lessees for the properties but cannot confirm these until the previous undertakings given by the Council along with additional requested assistance (with the proposed additional building redevelopments) have been agreed with the Council.

CENTRAL CITY REVITALISATION

As adopted by the Council in March 2001, the Central City Strategy – Stage 1 report identified a need for central city revitalisation projects which meet the following principles:

1. *East Side Focus* – to generally focus on projects to the east side of Colombo Street.
2. *Residential and Business Development Opportunities* - including funding for project assistance and joint venture developments to increase the residential population and business/commercial activity.
3. *Improve Public Spaces* – to enhance the amenity of central city.
4. *Integrated Development* – to pursue public-private partnerships, and integrated and complementary development to public and private spaces.
5. *Sustainability* – to assess and prioritise projects according to social, environmental and economic sustainability evaluation criteria.

This project would generally meet principles 1-4 with the following general assessment of each principle: 1. the project is on the east side and along a street which is "ripe" for redevelopment; 2. a mixed use proposal for commercial premises on the ground floor and residential development on the top floors; 3. improving public space amenity with improvements made to Bedford Row; 4. and an integrated development achieving a public-private partnership improving both public and private space. There is room to explore and possibly negotiate some elements for a more sustainable development/design although this has not been explored in detail to date.

Overall, staff believe there are significant potential benefits for central city revitalisation in achieving redevelopment of these buildings and Bedford Row in general. It is currently a reasonably quiet and arguably under-utilised street in terms of both building use and traffic; and not a critical street in terms of traffic circulation, thus street works development which improve the amenity and reduce the vehicle impact will likely be welcomed by those using the street for activities such as footpath dining, events, etc.

CURRENT PROPOSALS

Mr Harwood now seeks a total of \$150,000 of assistance for redevelopment of all three buildings, that is, a further \$105,000 beyond that offered in August 1999. The prospective developer indicates the total redevelopment will be between \$2 and \$3 million; thus resulting in a significant reinvestment into our central city.

Staff do have some concern with the total amount of requested assistance which the developer/owner has proposed to date. In addition, staff would advise that some conditions be imposed on the development should the Council decide to support some financial assistance (for discussion in the public excluded section of the meeting). On the other hand, because the developer owns (or has significant interest in) all three buildings which comprise a significant proportion of Bedford Row, this does present a significant opportunity for progressing a "precinct" revitalisation on the east side of our central city.

Funding sources for additional Council assistance in terms of redevelopment of the buildings could logically come from the central city revitalisation project including both central city operational funding and possible use of a loan from the Central City Capital Fund. This should be further discussed in the public excluded section of the meeting.

The developer/owner has provided the Council with some recent proposals to install gas lighting at the developer's cost along this section of Bedford Row, to develop a point of difference for the street. There are some issues to resolve with respect to the street improvements and design details, ownership of the gas lamps and operational costs. The City Services Committee generally approved the concept of a Council contribution toward street lighting improvements, to which gas lighting could be considered to meet improved amenity lighting standards. Staff bring this to the attention of the Committee to outline some of the prospective developers' contributions toward improving public space amenity.

It does appear there is a significant opportunity to progress discussion/negotiation on this project to the point where a successful redevelopment could occur which would benefit the Council in terms of achieving further central city revitalisation, improved public space amenity and future rate collection as building use and valuation increases in the area (considering the buildings have remained unused for a number of years and generally falling valuations in the area over the past years).

However, finalising details of the package of improvements and Council involvement unfortunately coincides with the Council's election period. Thus the report recommends that to progress this opportunity over the next month or so the Council authorise staff to conduct appropriate negotiations.

The Committee noted the information that the Central City Mayoral Forum Executive has confirmed the value of this project to central city revitalisation.

- Recommendation:**
1. That Council staff be authorised to negotiate an appropriate funding package with Mr Harwood to assist in his refurbishment and adaptive reuse of his buildings at 8-12 Bedford Row.
 2. That the City Manager and Director of Finance be delegated joint authority to approve the funding package.
 3. That such financial assistance be sourced from the Central City Project operational account and a potential loan from the Central City Capital Fund, and paid in accordance with agreed Council policy (i.e. payment upon receipt of invoices for actual work undertaken and to accepted building code).
 4. That the terms and conditions of financial assistance including a loan, if any, from the Central City Capital Fund be to the approval of the Director of Finance.

(Note: Councillor Sheriff requested that her vote against the foregoing recommendation be recorded.)

(Note: Councillor Harrow abstained from the discussion and voting on this clause.)