

1. OWLES TERRACE - RECONSIDERATION OF FUTURE USE OPTIONS

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The purpose of this report is to reconsider options for the future use of the parcel of land at Owles Terrace (the site) in the light of both the March 2003 tender process and further consideration of the issues (including options for sport and recreation). Approval in principle is sought to sell part of the site for a clustered housing development, subject to a cost benefit analysis being brought back to the Council.

CONTEXT

In September 2002 the Council resolved:

1. *That s 40(2)(a) Public Works Act applies and an offer back to the former owner is not required.*
2. *To tender for sale the whole block without further remediation or development work.*
3. *That the tender document should contain provision for:*
 - (a) *Consultation and negotiation for relocation (or retention) of community groups.*
 - (b) *A partnership with the prospective purchaser for rehabilitation of the entire site.*
4. *That officers report back on the outcome of the tender process.*

The property was tendered in March 2003. The tender document contained a tender acceptance date and the tenderers were advised in writing in June 2003 that their offers had lapsed. This left the Council free to enter negotiations with any of the tenderers and a report discussing the results of the tender was prepared with view to moving forward. This report was deferred to allow further consideration of the general concern over the use of former dump sites for residential purpose - Sandilands (Bexley) in particular, and pending consideration by the Ministry for the Environment of an application for funding to remediate Sandilands.

A further soil report updating and expanding on the earlier 2001 version was commissioned in February 2004 which concluded that the whole site is more contaminated than previously thought with surface contamination exceeding residential guidelines. Discussions were held with the Greenspace Unit, City Solutions and the Planning Strategy Unit regarding options for use of the site and a joint seminar was presented to the Property and Major Projects Committee, the Parks, Gardens and Waterways Committee and the Burwood/Pegasus Community Board on 5 July 2004. At the seminar direction was sought in regard to either retaining the whole site as reserve or conducting further analysis of the viability for sale of part of the site for a clustered housing development.

DESCRIPTION OF PROPOSAL

Main options for future use

Option 1. Do nothing

Option 2. Sell whole of L1 and develop the balance as reserve

Option 3. Retain the whole site as reserve

Option 4. Dispose of part of L1 and develop the balance as reserve

Option 2- Sell whole of L1 and develop the balance as reserve

Given the public concern over use of former dumps for residential purposes and the recent Council commitment to undertake a remediation programme for such sites, it seems prudent to require a high level of remediation either before selling, or as a requirement of purchase, where sites are known to have issues relating to stability and contamination. The 'test of the market' and ball park estimates of remediation indicate the cost of site remediation would outweigh the value of the land and a significant cost to the Council is likely if the whole L1 zone were to be sold for L1 scale housing (see below). It is recommended therefore that this option is not taken further.

Options 3/4- Retain the whole site as reserve/Dispose of part of L1 and develop the balance

The Greenspace Unit has previously held the view that New Brighton has sufficient open space provision. It now considers that the site provides an opportunity for development as a river park that would tie in with the New Brighton Revitalisation Master Plan.

The site is larger than required to achieve this objective and so the option of disposing of part of the L1 zone has been explored with assistance from the Urban Design and Heritage Team. The reasoning behind the option is to attempt to make a sale viable by reducing remediation costs and realising the same amount of houses on a reduced portion of the remediated land. A concept design has been prepared for a 1.9 ha portion of the site that includes terrace and town housing (see attached). Provision could also be made in the design for housing for the elderly.

Preliminary Financial Analysis

	Option	\$ - Cost
1.	Do Nothing	00.00
2.	Sell whole of L1 and develop the balance as reserve	2,650,000
3.	Retain the whole site as reserve	660,000
4.	Dispose of part of L1 and develop the balance	800,000

Options not to be taken further

- Do nothing (1 above): does not achieve the aim of making the best use of the site and is not a practical option
- Sell whole of L1 and develop the balance as reserve: (see 2 above)
- Subdivision by the Council and sale: the Council is not in the business of taking risks associated with residential development
- Retain for Council social housing: The City Housing Team Leader has advised that the Council has a high enough weighting of housing in New Brighton
- Re zone and sell for commercial use:
 - (a) Likely opposition from community given the objections to the 1998 rezoning decision,
 - (b) Commercial use could compete with the mall and work against revitalisation plans.

ISSUES FOR CONSIDERATION

Site Issues

The tender process highlighted the fact that there are a number of issues that create limitations on use of the site. These are: site stability, contamination, flooding, liquefaction and lateral spread. The key lesson from the tender process was that tenderers were unwilling to carry the risk associated with these issues. Most tenders contained a capped contribution to remediation that would have resulted in a cost to the Council.

The degree of impact from the issues depends on the type of use proposed. As already discussed, these matters are likely to have a significant effect on the cost effectiveness of sale of the whole of the L1 zone for L1 scale housing and this option is not recommended.

Given the reduced land area required for clustered housing it is possible that this type of development could be cost effective. The preliminary financial analysis shows that the Council may still incur a capital cost but that this would be likely to be similar to that incurred in keeping the whole site as reserve.

Option 4- Dispose of part of L1 and develop the balance as Reserve	
<i>Advantages</i>	<i>Disadvantages</i>
Economic benefit to the local community from the extra residents	Complexity: <ul style="list-style-type: none"> • Site issues • A clustered housing development would be a non complying activity and require a resource consent
A housing development would raise the priority of the reserve development	May be a cost to the Council

Soil Report

A detailed soil report is required before the cost of remediation of the site issues and consequential capital costs can be more clearly established. A soil report for parts of the site is recommended for the purpose of enabling:

- Assessment of the viability of disposal of a portion of the site (see attached concept plans). The report would be provided as supporting material to the tender and would enable a higher level of certainty on future tenders.
- Assessment of the options for reserve development, particularly the feasibility of making a cut into the site for the purpose of improved river access, (see attached concept plans).
- Assessment of leachate from the site and risk associated with any resource consent that may be required by Environment Canterbury in the future.

An estimate of \$20,000-\$30,000 for preparation of a report containing the above information has been provided by MWH New Zealand Ltd. It is proposed to share the costs of the report between the Facility Assets and Greenspace Units.

Key issues to be covered in tender

Site: Remediation to be undertaken at a level required to meet requirements of the subdivision consent, with best endeavours to exceed standards where possible. The Council will not transfer ownership of the site until remediation has been appropriately completed. Probable financial contribution by the Council to the cost of site remediation.

Urban design: Design brief would require incorporation of principles of high quality urban design and sustainable building methods

Park Design: Preliminary park design would be provided. The final design could be modified to co-ordinate with the housing development proposal.

Other matters

Community Groups

The north-west end of the site is currently used by a number of community groups/sports clubs. Any option for future use would necessarily involve consideration of alternative sites for these groups. Both options 3-4 provide sufficient opportunity for relocation of the existing users on the site and it is proposed to look at the matter in greater detail and included in the next report.

Relevant policy

Disposal of Surplus Property: Details of the property were circulated internally for expressions of interest in 2002. They have not been recirculated for the purpose of this report.

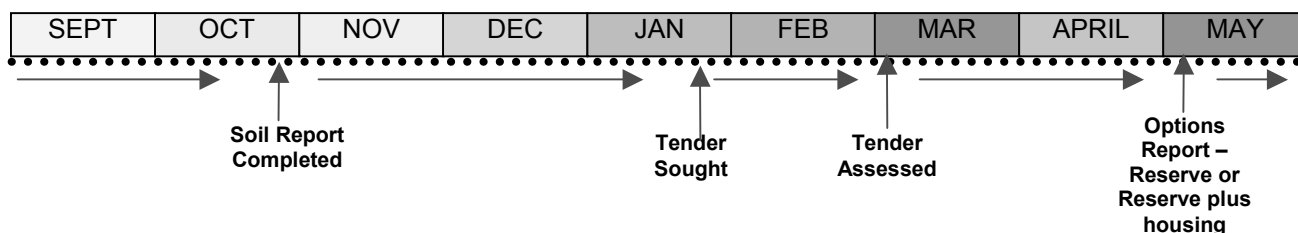
New Brighton Revitalisation Master Plan: Both options three and four provide an opportunity to develop the site as a river park which would support the aim of the 'master plan' to promote New Brighton as a "destination".

Legal Issues/Consultation

Legal advice has been sought regarding minimising the risk associated with the sale of contaminated land and risk associated with leachate. The advice in regard to risk from sale will be incorporated into any proposal to sell part of the site as per option four. The recommendation to test for leachate is based on advice provided.

It is considered that enough is known of community views to enable identification and assessment of options to a level required to ensure compliance with ss78(2)(b)-(c) of the Local Government Act 2002. It is likely that when a proposal is developed for either option three or four that community consultation on the proposal will be required.

Proposed Future Process



CONCLUSION

The tender process and revised soil report established that the sale of the whole L1 zone is unlikely to be cost effective. The site offers opportunity for development as a river park but the whole site is not necessarily required for that purpose. A clustered housing development on a portion of the site would bring some additional benefits and may be cost effective. A tender of a specified part of the site will enable analysis of the costs and benefits and a proper comparison of this option as against keeping the whole site as reserve.

COMMUNITY BOARD CONSIDERATION

This report was considered by the Burwood/Pegasus Community Board at its meeting on 2 August 2004. The Board **decided** to recommend to the Property and Major Projects Committee:

1. That the Council endorse option four, subject to further analysis of costs benefits and risks following completion of the above process.
2. That a further report be presented to the Council and Burwood/Pegasus Community Board in December 2004 once the investigations are completed.

Committee

- Recommendation:**
1. That the Council endorse option four in principle subject to further analysis of costs benefits and risks following completion of the above process.
 2. That the Council endorse the process outlined in the report established for the purpose of making a decision on whether to proceed with option three or four.
 3. That the Council endorse the following principles to be incorporated into the tender document:
 - (a) That remediation is to be undertaken at a level required to meet the requirements of the subdivision consent, with best endeavours to exceed minimum standards where possible. The Council will not transfer ownership of the site until remediation has been appropriately completed.
 - (b) That the site layout and building designs incorporate principles of high quality urban design, sustainable methods of development (including building, drainage and planting), with provision for sport and recreation.

- (c) That a preliminary park design be provided. The final design could be modified to co-ordinate with the housing development proposal.
- 4. That a further report be presented to the Council and Burwood/Pegasus Community Board in December 2004 once the investigations are completed.