


13. URBAN REGENERATION AGENCY



General Manager responsible:	General Manager Strategy and Planning, DDI 941- 8177
Officers responsible:	Programme Manager Liveable City
Authors:	Maurice Roers, Senior Policy Planner and Lawrence McIlrath Senior Economic Analyst

PURPOSE OF REPORT

1. The purpose of this report is to advance the establishment of an Urban Regeneration Agency (URA) which will take a proactive role in implementing the Greater Christchurch Urban Development Strategy and the Central City Revitalisation Strategy.
2. In this report, approval is sought for the objectives and operational scope of the Urban Regeneration Agency, agreement on the preferred organisational structure for the establishment of a URA, and direction to staff on pre-establishment activities to be undertaken.

EXECUTIVE SUMMARY

3. Advancing urban regeneration is a key objective of the Council as is evidenced by its commitment to and adoption of the Greater Christchurch Urban Development Strategy (UDS) and Central City Revitalisation Strategy.
4. The Christchurch City Council's current ability to implement urban regeneration is largely limited to policy, advocacy, and regulation. These three powers, while important, are restricted in shaping urban regeneration, however, they are also limited in their effectiveness. Scarcity of Council resources, equity considerations, and the length of Council processes can inhibit the Council from having the needed speed, flexibility, and focus to meaningfully impact the property development market.

The Council does have limited ability to acquire and sell property, as with Turners & Growers, however, the speed and efficacy of these activities can be encumbered by the Council's budgetary and decision-making processes. Reporting and consultation time frames, the LTCCP funding process, and the multiple demands on Council resources can fracture the focus needed to quickly deliver projects. A more efficient and effective means of achieving the CCC's regeneration objectives is needed.

5. Three work streams have been identified that could be undertaken to more quickly implement the UDS and Central City revitalisation project. These three work streams are:
 - (i) Improvements to the Council controlled regulatory environment.
 - (ii) The expansion to existing and development of new incentives.
 - (iii) A more participatory role in the market.

While work is proceeding under the first two streams, a more proactive role in the market by the Council to achieve revitalisation objectives is deemed necessary. This is because the property development market, particularly in Christchurch, can be:

- (a) slow and constrained by market conservatism,
- (b) sporadic both in terms of the geographic areas in which it's active and levels of success, and
- (c) highly variable in the quality of development achieved.

It is believed that these market barriers can be overcome, either whole or in part, and revitalisation accelerated through a more proactive role on the part of the Council.

6. The desire and commitment to establish a dedicated entity to advance urban regeneration was indicated as part of the UDS and is identified as one of the top twenty actions that the Council will engage in to implement the UDS. Priority Action Number 10 of the UDS states:

“Investigate and establish, in partnership with others, a dedicated city revitalisation agency to develop and administer programmes; to assemble key redevelopment sites; and to tender land for specific redevelopment proposals. Benchmark framework of the agency against other related organisations in New Zealand and overseas.”

7. At an August 2007 seminar an Urban Regeneration Agency (URA) was also identified by staff as the most likely mechanism that Council could implement to take a more proactive role in the market. Urban regeneration agencies, as typically structured overseas, have several advantages associated with them. URAs are often established as quasi-private entities which work to achieve local government's property development objectives, but for reasons of efficiency, operate at arms-length similar to the Christchurch City Holdings Limited group of companies. URAs principal advantage is that they can efficiently achieve public objectives without being overly constrained by the inherent bureaucracy of public institutions or the profit focused nature of the private market. Because of its public-private nature, a URA can fill a functional gap that neither the Council nor the private market currently fill in Christchurch.
8. Depending on how an URA is structured, there are a number of potential advantages and risks typically associated with them which are summarised in Table 1 below.

TABLE 1: GENERAL ADVANTAGES & RISKS OF A REGENERATION AGENCY	
ADVANTAGES	RISKS
<ul style="list-style-type: none"> • Acts as a catalyst for urban renewal. • Can allow a longer time horizon for financial returns (i.e. is not constrained by the need for immediate returns). • Ability to integrate development projects with Council objectives and programmes. • Delivers on complementary Council goals in complementary time frames. • Actively engages private sector participation. • Ability to deliver results and is project-oriented. • Ability to act quickly and be responsive to development opportunities and threats. • Creates certainty and builds confidence in the private market. • Leads investment in projects or areas where the market is unable or unwilling to operate. • Stimulates further private investment. • Takes the lead in demonstrating high quality urban design and sustainability. 	<ul style="list-style-type: none"> • Not likely to generate large revenues or profits. • Can face resistance from the market place if it is seen as an competitor. • Undertakes projects with a higher degree of risk than the private market is traditionally willing to engage (i.e. is operating in a space where the market currently is not active). • Is not purely market driven or independent as it is committed to achieving public objectives. • Is at an arms length from the Council which can create political tensions around control. • Could create short-term speculation and price inflation in identified regeneration areas.

9. It is proposed that a URA acting in Christchurch would seek to achieve the following objectives:
 - (a) Act as a champion for urban regeneration in Christchurch.
 - (b) Initiate, develop and implement projects that lead to investment and redevelopment in Christchurch's intensification areas and activity centres as identified in the UDS.
 - (c) Eliminate and overcome development activities that run counter to the Council's regeneration objectives and policies such as detrimental land speculation and pre-existing uses.

- (d) Foster public-private partnerships that maximize shared resources and generate a balanced mix of economic, social and environmental benefits.
 - (e) Be a positive force in the development community that does not duplicate current, successful market activity, and exits projects when the Council's regeneration objectives have been achieved.
10. The potential scope of work for a URA can be broad and varied. To be successful, a URA for Christchurch should be given a clearly defined scope of work that is not unrealistically ambitious and allows for necessary institutional growth and learning. It is suggested that a URA for Christchurch has an initial focus on redevelopment in the Central City which in time could be extended to other parts of the City. The following projects and activities are identified as the initial scope of work for the URA which would meet UDS and Central City objectives:
- (a) Preparing and implementing comprehensive redevelopment plans in conjunction with Council for target areas which guide future investment - public and private - in these areas.
 - (b) Acquiring, assembling, selling and leasing real estate to achieve redevelopment and to promote the Council policy objectives, specifically the Urban Development Strategy and the Central City Revitalisation Strategy.
 - (c) Performing remediation of brownfield sites or other properties encumbered with environmental and redevelopment obstacles.
 - (d) Facilitating the formation and implementation of public-private sector partnerships and joint ventures in the implementation of relevant projects.
 - (e) Developing flagship, prestige projects that are exemplars of the Council's revitalisation objectives and act as catalysts for private investment and development.
11. Once the URA has gained a degree of operational momentum and success in its achievement of Central City objectives, the scope of the URA could be broadened. In future years, consideration can be given to following activities which could be undertaken by the URA:
- (i) Facilitating the creation of affordable housing.
 - (ii) Providing financing and loans to projects which advance the Council's regeneration objectives.
 - (iii) Marketing and disseminating information that will promote further investment and development in Christchurch.
 - (iv) Administering development initiatives in low socio-economic communities.
 - (v) Expanding URA activities to other areas of intensification beyond the Central City.
 - (vi) Aiding in the implementation of the UDS across greater Christchurch.
12. With reference to the organisational relationship of the Urban Regeneration Agency to the Council, four options have been considered and are examined in greater detail in the 'Assessment of Options' section of this report. These four potential structures are:
- (a) New unit or group within the Council.
 - (b) Limited Liability Company, either under Council or under Christchurch City Holdings Limited (as a Council Controlled Organisation (CCO)).
 - (c) Limited Liability Partnership.
 - (d) Trust (probably as a Council organisation, not a CCO).

A unit or group within the Council is deemed undesirable as it would be unable to act with the needed speed and flexibility to quickly deliver projects and meaningfully impact the market. Of the remaining three options, a trust which is not a CCO has been identified as the likely workable structure given tax implications. The advantages and disadvantages of each these four options is discussed in the Options section of this report.

FINANCIAL IMPLICATIONS

13. It is imperative that any Urban Regeneration Agency not taint the tax exempt status of Council activities or those of its subsidiary companies. Consultants from Deloitte were engaged to aid Council officers in their assessment and understanding of the options from a tax perspective.

Under the Income Tax Act 2004, property development is a taxable activity which affects the taxation of land transactions of persons and companies associated with the developer. Whilst tax exempt persons or companies will retain their tax-exempt status other taxable persons and companies associated with the developer will be taxed on certain land sales which would otherwise be non-taxable capital gains. In this regard, association is generally defined as the amount of direct control one entity has over another. Therefore, if the Council determines to pursue property development as a means to achieving UDS and Central City objectives, the regeneration agency must be structured in such a way that its property development activities are not directly associated with any council controlled organisation (CCO). A trust has been identified as a structure that would avoid these tax implications.

The likely tax implications of a URA for the three options that are not a unit within Council are as follows.

(a) Company

A council controlled organisation (CCO) or other company structure directly below the Council that engages in property development would taint the Council's other CCOs so that they would be taxed on certain land sales which would otherwise be non-taxable capital gains. Under section OD 8(4)(a) of the Income Tax Act, a CCO will be associated to a property developer if both the CCO and the property developer are companies and the Council has control of 50% or more of the voting interests or market value interests in both.

(b) Limited Liability Partnership

The use of a limited liability partnership structure for the regeneration agency would likely taint Council's CCOs so that they would be taxed on certain land sales which would otherwise be non-taxable capital gains. Section OD 8(4)(d) and (e) of the Income Tax Act states that a partnership and any partner are associated persons. Furthermore a partnership and any person who is associated to a partner in that partnership are also associated persons for the purposes of the land tax provisions. It is thought that this association will apply to limited liability partnerships engaged in property development. Therefore, if the Council was to use a limited liability partnership as the property developer and was a partner in that partnership, its CCOs would also be associated to the property developer partnership and thereby be tainted in respect of land transactions.

(c) Trust

A Urban Regeneration Agency structured as a trust carries the least risk of tainting the existing tax status of the Council's CCO's and has been identified as the only feasible structure to avoid this issue. Companies and limited liability partnerships can be set up below the trust to carry out specific property development projects without tainting either Council or CCO's. However, it needs to be emphasized that to incur this benefit the trust or its subsidiary companies must be at a sufficient distance from Council or its CCOs to avoid creating tax liability for them.

To avoid tainting their tax status, Council or its CCOs cannot be associated to a property developer. The associated persons rules provide that for a company (i.e. CCO) and a trust to be associated persons, the trust has to have a 25% voting interest in the company or have the company as a beneficiary. Furthermore, for the Council or its CCO's to be associated to a company under the trust, the two companies must be in common ownership (e.g. control of voting or market value interests of 50% or more) or have the company as a beneficiary. The identity of the trustees and appointers of trustees is not a relevant factors in determining association, so the Council could retain control of the trust by having itself or CCHL be the appointing entity.

Although the trust option as outlined will avoid tainting the CCOs, the trust itself will be taxed on its profits if it is sufficiently associated with the Council. This association can be avoided if a trust is set up with limited association to the Council and companies under the trust are owned by the trust. The Council will be able to retain some control over the trust and its companies by limited appointments to their respective governing boards. However, the Council would also have to have sufficient confidence that the charter and organisational structure of the trust and its subsidiary companies is sufficient to achieve the public objectives for which they were created. Such an arrangement would mean the trust could be established as a tax-exempt entity but may not give Council sufficient degree of control.

14. Preliminary discussions have indicated that in order for the Urban Regeneration Agency to be effective, it should have sufficient financial resources to engage in five to ten reasonable scale development projects at any given time. CCHL has been identified as the most likely mechanism for securing these finances in a rates neutral manner. If funding was sought from CCHL, coordination and consultation will need to take place between the Council and CCHL's board.

LEGAL CONSIDERATIONS

15. The tax advice set out in the financial implications section above also needs to be considered in light of principles in the Local Government Act 2002 (LGA02), in relation to Council Organisations and CCOs. A company or a trust can be either a Council Organisation or a CCO, however, the above advice only identifies the company option, as if it is a CCO.

Section 6 defines these organisations as follows:

“council organisation means—

(a) a company—

(i) in which equity securities carrying voting rights at a meeting of the shareholders of the company are—

(A) held by 1 or more local authorities; or

(B) controlled, directly or indirectly, by 1 or more local authorities; or

(ii) in which 1 or more local authorities have the right, directly or indirectly, to appoint 1 or more of the directors (however described) of the company; or

(b) an entity in respect of which 1 or more local authorities have, whether or not jointly with other local authorities or persons,—

(i) control, directly or indirectly, of 1 or more of the votes at any meeting of the members or controlling body of the entity; or

(ii) the right, directly or indirectly, to appoint 1 or more of the trustees, directors, or managers (however described) of the entity.”

“council-controlled organisation means a council organisation that is—

(a) a company—

(i) in which equity securities carrying 50% or more of the voting rights at a meeting of the shareholders of the company are—

(A) held by 1 or more local authorities; or

(B) controlled, directly or indirectly, by 1 or more local authorities; or

(ii) in which 1 or more local authorities have the right, directly or indirectly, to appoint 50% or more of the directors of the company; or

(b) an entity in respect of which 1 or more local authorities have, whether or not jointly with other local authorities or persons,—

(i) control, directly or indirectly, of 50% or more of the votes at any meeting of the members or controlling body of the entity; or

(ii) the right, directly or indirectly, to appoint 50% or more of the trustees, directors, or managers (however described) of the entity”

An entity is “any partnership, trust, arrangement for the sharing of profits, union of interest, co-operation, joint venture, or other similar arrangement; but does not include a company, or a committee or joint committee of a local authority” (s6(2)).

The scoping of funding options has been identified as a necessary pre-establishment activity in line with greater organisational and management details. Additional information on how the URA is going to be funded needs to be provided before Council definitely agree on a structure for the URA. This issue is still to be fully scoped. The Council has a greater degree of control over a CCO than over a Council Organisation, so how the URA is to be funded is a factor the Council also needs to consider, in addition to the tax implications (and any other LGA02 issues), when considering and deciding on the final structure for the URA.

One other issue which may need further investigation is whether the URA should be established as a public private partnership (which would ultimately still be one of the 3 structures noted above), because Priority Action Number 10 of the UDS states: *“Investigate and establish, in partnership with others, a dedicated city revitalisation agency...”*. This will require consideration of the Council’s policy on partnerships with the private sector. Even if the URA is not established as such a partnership, the intention is for the URA to be able to facilitate the formation and implementation of public-private sector partnerships and joint ventures.

Whichever structure the Council decides on, it can only proceed by consulting on the proposal in accordance with the special consultative procedure (SCP). The establishment of a CCO can only be done by a SCP (LGA02, section 56) but it is likely that, even if a Council Organisation structure is used, the establishment of the URA will be a significant activity for the Council and the SCP will also be needed (LGA02, section 88).

The recommendation to the Council is for further work on the legal implications under the LGA02 and any other relevant legislation to be carried out, alongside the investigation and identification of the funding options.

Under section 65 of the LGA02 the Council, as a shareholder (or a person with voting rights – see s6(3)(a) and (c)) in a council organisation (which includes a CCO), must regularly undertake performance monitoring of the organisation to evaluate its contribution to the achievement of the Council’s objectives for the organisation, the overall aims and objectives of the Council, and the desired results for the organisation as set out in its statement of intent (if applicable – as council organisations are not required to have a statement of intent, and the Council does not have the same degree of control over a council organisation’s statement of intent as it does for a CCO). This means that even though the final structure of the URA is not yet decided on, the Council can still approve objectives for the URA, as these will be applicable whether it is a CCO or simply a Council Organisation.

ALIGNMENT WITH LTCCP AND ACTIVITY MANAGEMENT PLANS

16. The establishment of a Urban Regeneration Agency aligns with the Council's vision and strategic directions for Christchurch as described in the LTCCP. The proposed URA most directly aligns with the Council's fourth objective identified under the "Liveable City" strategic direction which states:

"Maintain and enhance the quality of development, and renewal of the city's built environment, by:

- Championing high quality urban design;*
- Improving people's sense of community identity and their feelings of safety;*
- Encouraging better accessibility in public and commercial buildings;*
- Protecting Christchurch's heritage buildings and neighbourhood character;*
- Improving the way in which public and private spaces work together;*
- Working with other organisations to ensure that Christchurch people live in homes that meet their social, health and economic needs."*

The objectives of the proposed URA have a high degree of correspondence with the Council's strategic directions.

17. At this time there are no funding implications for the Urban Regeneration Agency apart from the operational costs associated with staff conducting the necessary pre-establishment due diligence. These operational costs are within the current budget. Proposed pre-establishment activities for the URA include the elaboration of preliminary budgets and identification of possible funding options, as well as further investigation of the legal implications. Once funding needs and options have been more concretely identified they will follow standard Council procedure and be the subject of Council review, consultation and approval.

ALIGNMENT WITH STRATEGIES

18. The creation of a Urban Regeneration Agency aligns with the Urban Development Strategy and the Central City Revitalisation Strategy.
19. The Greater Christchurch Urban Development Strategy states the desire and commitment to establish a dedicated entity to advance urban regeneration. The establishment of a URA is identified as one of the top twenty actions that the Council will engage in to implement the UDS.

Priority Action Number 10 of the UDS states:

"Investigate and establish, in partnership with others, a dedicated city revitalisation agency to develop and administer programmes; to assemble key redevelopment sites; and to tender land for specific redevelopment proposals. Benchmark framework of the agency against other related organisations in New Zealand and overseas."

In addition to being listed as a priority action, the proposed objectives and operation scope of the URA align with the guiding principles and strategic directions of the UDS. In particular, the proposed URA would work to achieve the UDS' strategic directions of: redeveloping existing urban areas; increasing the supply of well located, affordable housing; promoting good urban design; and delivering a vibrant and diverse city centre.

20. A URA also aligns with and supports the Central City Revitalisation Strategy. The Council has five main priorities for the Central City over the next ten years: increasing the residential population; growing businesses; enhancing public spaces; redeveloping under-utilised sites; and improving the transport network. The proposed URA aligns directly with the objectives of increasing residents and redeveloping properties. An URA is also the most likely and efficient mechanism for achieving the 'redevelopment partnerships' which are sought under the Central City Revitalisation Strategy. Additionally, an URA would provide a strong tool for implementing better urban design in Christchurch in accordance with the Council's commitment to the New Zealand Urban Design Protocol.

CONSULTATION FULFILMENT

21. The Council can adopt the following recommendations based on previous consultation engaged in via the development of the UDS and Central City Revitalisation Strategy. The establishment by the Council of an Urban Regeneration Agency as discussed would likely be a significant activity as defined by the Local Government Act and therefore would require a Special Consultative Procedure (SCP) before it could be formally incorporated. As noted above, if the URA is to be a CCO then this also requires the SCP process to be followed. The scope and means of conducting this SCP is dependent on the final organisational and financial structure of the URA and cannot be specified at this time, although it is likely that the consultation on the URA could be undertaken as part of the annual LTCCP review. Prior to formal consultation, staff would also seek to coordinate with major stakeholders such as property developers to ensure that the URA does not conflict with current market activity.

STAFF RECOMMENDATION

22. It is recommended that the Council resolve to:

- (a) Affirm its commitment to the Urban Development Strategy (UDS) and specifically confirms its commitment to Priority Action 10 of the UDS which calls for the creation of a city revitalisation agency.
- (b) Agree to establish an Urban Regeneration Agency (URA), the mission of which is to take an active role in the market place in order to be a catalyst for meeting the regeneration objectives of Christchurch City through the implementation of flagship regeneration projects.
- (c) Adopt the objectives of the Urban Regeneration Agency which are:
 - (i) To act as a champion for urban regeneration in Christchurch.
 - (ii) To initiate, develop and implement projects that lead to investment and redevelopment in Christchurch's intensification areas and activity centres as identified in the UDS.
 - (iii) To eliminate and overcome development activities that run counter to Council's regeneration objectives and policies such as detrimental land speculation and pre-existing uses.
 - (iv) To foster public-private partnerships that maximize shared resources and generate a balanced mix of economic, social and environmental benefits.
 - (v) To be a positive force in the development community that does not duplicate current, successful market activity and exits projects when Council's regeneration objectives have been achieved.
- (d) Adopt the following projects and activities as the principal scope of work for the URA to be carried out in the Central City:
 - (i) Preparing and implementing comprehensive redevelopment plans for target areas which guide future investment, public and private, in these areas.
 - (ii) Acquiring, assembling, selling and leasing real estate to achieve redevelopment and to promote the Council policy objectives, specifically the Greater Christchurch Urban Development Strategy and the Central City Revitalisation Strategy.
 - (iii) Performing remediation of brownfield sites or other properties encumbered with environmental and redevelopment obstacles.
 - (iv) Facilitating the formation and implementation of public-private sector partnerships and joint ventures in the implementation of relevant projects.

- (v) Developing flagship, prestige projects that are exemplars of the Council's revitalisation objectives and act as catalysts for private investment and development.
- (e) Direct staff to further investigate whether the establishment of a trust under the Council is the preferred institutional structure for the URA, and to complete necessary pre-establishment activities by August 2008. Pre-establishment activities are to include:
 - (i) Development of a detailed organisational, financial and legal structure
 - (ii) Identification of funding options to provide the URA with sufficient capital to engage in between five and ten regeneration projects at any given time.
- (f) Indicates to the Board of Directors of CCHL the Council's desire for CCHL to aid in urban regeneration, and request that CCHL work with Council staff to identify potential financial resources that could be made available to an Urban Regeneration Agency.

BACKGROUND

23. Advancing urban regeneration is a key objective of the Council as is evidenced by its commitment to and adoption of the Greater Christchurch Urban Development Strategy (UDS) and Central City Revitalisation Strategy.
24. The desire and commitment to establish a dedicated entity to advance urban regeneration was indicated as part of the UDS and is identified as one of the top twenty actions that the Council will engage in to implement the UDS. Priority Action Number 10 of the UDS states:

"Investigate and establish, in partnership with others, a dedicated city revitalisation agency to develop and administer programmes; to assemble key redevelopment sites; and to tender land for specific redevelopment proposals. Benchmark framework of the agency against other related organisations in New Zealand and overseas."
25. Further direction was given to staff on 11 June 2007 when Council passed a resolution which stated:

"That staff report back to Council by August 2007 on methods to give effect to the Central City Revitalisation Strategy and the Greater Christchurch Urban Development Strategy intentions and actions for the advocacy and facilitation of appropriate development of the central city of Christchurch."
26. On 21 August 2007 a Council seminar was held in response to the June 2007 resolution and three work streams were discussed that could be undertaken to more quickly implement the UDS and Central City revitalisation project. These three work streams were:
 - (i) Improvements to the Council controlled regulatory environment.
 - (ii) The expansion to existing and development of new incentives.
 - (iii) A more participatory role in the market.
27. At the August 2007 seminar, an Urban Regeneration Agency (URA) was identified by staff as the most likely mechanism that Council could implement to take a more proactive role in the market. URA's principal advantage is that they can efficiently achieve public objectives without being overly constrained by the inherent bureaucracy of public institutions or the profit focused nature of the private market. Because of its public-private nature, a URA can fill a functional gap that neither the Council nor the private market currently fill in Christchurch.

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- (i) Facilitating the creation of affordable housing.
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- (vi) Aiding in the implementation of the UDS across greater Christchurch.

30. With reference to the organisational relationship of the Urban Regeneration Agency to Council, four options have been considered and are examined in greater detail in the 'Assessment of Options' section of this report. These four potential structures are:

- (i) New unit or group within Council
- (ii) Limited Liability Company, either under Council or under Christchurch City Holdings Limited (as a Council Controlled Organisation (CCO))
- (iii) Limited Liability Partnership
- (iv) Trust (probably as a Council organisation, not a CCO)

A unit or group within Council is deemed undesirable as it would be unable to act with the needed speed and flexibility to quickly deliver projects and meaningfully impact the market. Of the remaining three options, a trust which is not a CCO has been identified as the likely workable structure given tax implications. The advantages and disadvantages of each these four options is discussed in the Options section of this report.

ASSESSMENT OF OPTIONS

31. Option 1 - Maintain the status quo

	Benefits (current and future)	Costs (current and future)
Social	1. No change from current conditions.	1. Regeneration will rely on the speed and interest of the market, therefore redevelopment may occur more slowly in areas of lower socio-economic conditions.
Cultural	1. No change from current conditions.	1. Opportunities for Council to demonstrate the financial and social successes related to high quality design, sustainability, and density will be limited to current programmes.
Environmental	1. No change from current conditions.	1. It will take longer to implement the UDS and therefore there will be continued pressure on the development of greenfields. 2. Brownfield sites, or sites with environmental contamination, are not likely to be improved by the private market as they are less profitable.
Economic	1. No change from current conditions.	1. The Council will not take an active role in shaping and motivating the market place, but will continue to rely on a regulatory and advocacy based approach. 2. Redevelopment will take longer to be achieved and therefore the benefits of regeneration such as improved property values, the attraction of new businesses, and increase in visitors will be deferred.

- (iii) Marketing and disseminating information that will promote further investment and development in Christchurch.
- (iv) Administering development initiatives in low socio-economic communities.

Extent to which community outcomes are achieved:

No change to the achievement of community outcomes.

Impact on the Council's capacity and responsibilities:

No change to the Council's capacity, however maintaining the status quo would signal a moving away from certain commitments made in the Urban Development Strategy.

Effects on Maori:

No change to current conditions.

Consistency with existing Council policies:

Remaining with the status quo would be inconsistent with the Urban Development Strategy and the Central City Revitalisation Strategy which call for a more proactive role in regeneration specifically through the establishment of an Urban Regeneration Agency.

Views and preferences of persons affected or likely to have an interest:

Maintaining the status quo would run counter to the desires of the majority who participated in the consultation for the UDS and Central City Revitalisation Strategy in that there is an expectation that Council will be more proactive in the achieving urban regeneration.

Other relevant matters:

32. Option 2 – Establish an Urban Regeneration Agency directly within Council

	Benefits (current and future)	Costs (current and future)
Social	1. The URA can direct investment into areas of deprivation. 2. The URA can allow for a longer time horizon to gain financial returns/payback and achieve social goals, i.e. it is not constrained by the need for immediate returns. 3. The URA has the ability to integrate development projects with Council objectives and programmes.	1. Must compete with other Council priorities in the securing of resources and delivery of projects and therefore is unlikely to deliver quickly on Council's UDS, Central City, and other policy objectives.
Cultural	1. Acts as a catalyst for urban renewal and helps shift public perceptions on intensification and redevelopment.	1. An internal URA will not have the ability to act quickly and be responsive to development opportunities and threats.
Environmental	1. Council is able to demonstrate high quality urban design and sustainability through the projects it leads.	1. Although more proactive than maintaining the status quo, an URA that is internal to Council will be slow and compete for focus and thereby take longer to implement the UDS and achieve the environmental benefits of urban redevelopment.

Economic	<p>1. Successful projects completed by the URA will stimulate additional private investment in regeneration areas.</p> <p>2. The URA can deliver projects which complement the time frames of other Council initiatives.</p> <p>3. The URA can partner with private developers to both leverage additional resources as well as more efficiently use public investment.</p>	<p>1. The establishment of an URA within Council would jeopardise the Council's CCO's tax status by associating these activities with the URA's property development activities.</p> <p>2. The URA would be subject to the uncertainties of annual budget processes.</p> <p>3. Redevelopment will take longer to achieve and therefore benefits of regeneration such as improved property values, the attraction of new businesses, and increase in visitors will be deferred.</p> <p>4. An internal URA that is more exposed to political pressures can create uncertainty and undermine confidence in the private market.</p>
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Extent to which community outcomes are achieved:

The objectives of the proposed URA aligns with the Council's fourth objective identified under the "Liveable City" strategic direction which states *"Maintain and enhance the quality of development, and renewal of the city's built environment."*

Impact on the Council's capacity and responsibilities:

As a new unit within Council, the URA would expand the range of regeneration activities that Council engages in, but would also compete for management and staff resources and time with the possibility of diluting the focus of the URA as well as other already established Council units.

Effects on Maori:

At this time, there are no anticipated effects on Maori.

Consistency with existing Council policies:

The establishment of an internal URA would partially align with the Urban Development Strategy and Central City Revitalisation Strategy. Where an internal URA would not align with the Council's policies is in the length of time an internal URA would likely take to deliver projects.

Views and preferences of persons affected or likely to have an interest:

The consultation for the UDS and Central City Revitalisation Strategy has indicated an expectation that Council will be more proactive in the achieving urban regeneration and therefore the establishment of an URA would help meet these expectations. Further consultation would have to occur with the property development community to ensure that the activities of the URA are not unnecessarily conflicting with current market activities and consultation with the broader community would have to occur before any funds can be committed to an URA.

Other relevant matters:

33. Option 3 – Establish an Urban Regeneration Agency at arms-length from Council

(i) Option 3a – Establish an Urban Regeneration Agency as a Council Controlled Organisation

(ii) Option 3b – Establish an Urban Regeneration Agency as a Limited Liability Partnership

	Benefits (current and future)	Costs (current and future)
Social	<ul style="list-style-type: none"> 1. The URA can direct investment into areas of deprivation. 2. The URA can allow for a longer time horizon to gain financial returns and achieve social goals, is not constrained by the need for immediate returns. 3. The URA has the ability to integrate development projects with Council objectives and programmes. 	
Cultural	<ul style="list-style-type: none"> 1. Acts as a catalyst for urban renewal and helps shift public perceptions on intensification and redevelopment. 2. An arms-length URA will have the ability to act quickly and be responsive to development opportunities and threats 	<ul style="list-style-type: none"> 1. Council would need to have sufficient confidence that an independent URA is acting in the long-term strategic interests of Christchurch.
Environmental	<ul style="list-style-type: none"> 1. Council is able to demonstrate high quality urban design and sustainability through the projects it leads. 	
Economic	<ul style="list-style-type: none"> 1. Successful projects completed by the URA will stimulate additional private investment in regeneration areas. 2. The URA can deliver projects which complement the time frames of other Council initiatives. 3. The URA can partner with private developers to both leverage additional resources as well as more efficiently use public investment 4. An URA can create certainty and build confidence in the private market. 5. Redevelopment will occur more quickly and therefore the benefits of regeneration such as improved property values, the attraction of new businesses, and increase in visitors will be achieved sooner rather than later. 	<ul style="list-style-type: none"> 1. The establishment of an URA as a CCO or limited liability partnership would jeopardise the Council's CCO's tax status by associating these activities with the URA's property development activities. 1. Although no approval for funding is sought at this time, an URA would need a reasonable funding base to be effective. While these funds would be recouped through the sale of redeveloped property and increased values of rateable properties, in the short-term these funds would be committed to an URA as opposed to being used for other Council initiatives.

Extent to which community outcomes are achieved:

The objectives of the proposed URA aligns with the Council's fourth objective identified under the "Liveable City" strategic direction which states *"Maintain and enhance the quality of development, and renewal of the city's built environment."*

Impact on the Council's capacity and responsibilities:

The establishment of an external URA would increase Council's regeneration capacity by expanding Council's sphere of influence (i.e. participating in the market rather than only attempting to regulate it) and by generating additional skills and resources that are currently unavailable within Council.

Effects on Maori:

At this time, there are no anticipated effects on Maori.

Consistency with existing Council policies:

The establishment of an external URA would align with the Urban Development Strategy and Central City Revitalisation Strategy.

Views and preferences of persons affected or likely to have an interest:

The consultation for the UDS and Central City Revitalisation Strategy has indicated an expectation that Council will be more proactive in the achieving urban regeneration and therefore the establishment of an URA would help meet these expectations. Further consultation would have to occur with the property development community to ensure that the activities of the URA are not unnecessarily conflicting with current market activities and consultation with the broader community would have to occur before any funds can be committed to an URA.

Other relevant matters:

34. THE PREFERRED OPTION

(iii) Option 3c – Establish an Urban Regeneration Agency as a Trust

	Benefits (current and future)	Costs (current and future)
Social	<ol style="list-style-type: none"> 1. The URA can direct investment into areas of deprivation. 2. The URA can allow for a longer time horizon to gain financial returns and achieve social goals, is not constrained by the need for immediate returns. 3. The URA has the ability to integrate development projects with Council objectives and programmes. 	
Cultural	<ol style="list-style-type: none"> 1. Acts as a catalyst for urban renewal and helps shift public perceptions on intensification and redevelopment. 2. An arms-length URA will have the ability to act quickly and be responsive to development opportunities and threats 	<ol style="list-style-type: none"> 1. Council would need to have sufficient confidence that an URA with a degree of independence is acting in the long-term strategic interests of Christchurch.
Environmental	<ol style="list-style-type: none"> 1. Council is able to demonstrate high quality urban design and sustainability through the projects it leads. 	.
Economic	<ol style="list-style-type: none"> 1. Successful projects completed by the URA will stimulate additional private investment in regeneration areas. 2. The URA can deliver projects which complement the time frames of other Council initiatives. 3. The URA can partner with private developers to both leverage additional resources as well as more efficiently use public investment 4. An URA can create certainty and build confidence in the private market. 5. Redevelopment will occur more quickly and therefore the benefits of regeneration such as improved property values, the attraction of new businesses, and increase in visitors will be achieved sooner rather than later. 6. The establishment of an URA as a trust will not jeopardise the Council's CCO's tax status 	<ol style="list-style-type: none"> 1. Although no approval for funding is sought at this time, an URA would need a reasonable funding base to be effective. While these funds would be recouped through the sale of redeveloped property and increased values of rateable properties, in the short-term these funds would be committed to an URA as opposed to being used for other Council initiatives.

Extent to which community outcomes are achieved:

The objectives of the proposed URA aligns with the Council's fourth objective identified under the "Liveable City" strategic direction which states *"Maintain and enhance the quality of development, and renewal of the city's built environment."*

Impact on the Council's capacity and responsibilities:

The establishment of an external URA would increase Council's regeneration capacity by expanding Council's sphere of influence (i.e. participating in the market rather than only attempting to regulate it) and by generating additional skills and resources that are currently unavailable within Council.

Effects on Maori:

At this time, there are no anticipated effects on Maori.

Consistency with existing Council policies:

The establishment of an external URA would align with the Urban Development Strategy and Central City Revitalisation Strategy.

Views and preferences of persons affected or likely to have an interest:

The consultation for the UDS and Central City Revitalisation Strategy has indicated an expectation that Council will be more proactive in the achieving urban regeneration and therefore the establishment of a URA would help meet these expectations. Further consultation would have to occur with the property development community to ensure that the activities of the URA are not unnecessarily conflicting with current market activities and consultation with the broader community would have to occur before any funds can be committed to an URA.

Other relevant matters: