

13. TURNERS AND GROWERS – SITE DEVELOPMENT PROCESS

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The purpose of this report is to inform the Board about the Turners and Growers project.

CONTEXT

The Turners and Growers property comprises 1.7546 ha in the block bounded by Madras, Tuam, Barbadoes and Lichfield Streets. The property contains a number of buildings of an industrial warehouse nature with a combined floor area of approximately 10,000m. The site is currently zoned Business 3.

The site was acquired to meet objectives outlined in the Central City Revitalisation Strategy adopted by the Council in February 2001, which includes the following core principles for project development:

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 the central city with particular emphasis on improving public spaces on the east side.
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.

At its meeting on 24 April 2002 the Council resolved:

1. *That the Council approve the purchase of the Turners and Growers site under section 572 of the Local Government Act.*
2. *That the purchase be funded and budget provisions established as detailed in the public excluded report to the 24 April Council meeting by the Chair of the Strategy and Finance Committee.*
3. *That a process for the future comprehensive redevelopment of the site to include the creation of a new public park, residential and mixed use opportunities, and joint venture development partnership(s) with the private sector be reported back to the Council for its approval.*

BUDGET

The land has been purchased using approved budget provisions as detailed in resolution 2 above. An operational budget has been prepared which includes provision for process costs of \$150,000 per year for the first three years. There is no capital provision in the long-term capital plan.

TIMEFRAME

- Turners and Growers have a current lease for a minimum of 15 months and maximum of 24 months (from 1 July 2002) with a six month notification requirement.
- Zoning and City Plan issues may be contentious and it could take 1-3 years to have the zoning approved, depending on the scale of zoning change required.
- Project development likely 2-10 years out.

EXECUTIVE SUMMARY

The aims/vision and objectives for the development of the site have been agreed by the working group of the Central City Mayoral Forum and the Corporate Team.

The process recommended for involvement of the private sector is to first request a registration of interest from all parties who may have an interest in the site. This may be followed by a request for proposals from the most suitable parties identified in the registration of interest.

A start needs to be made on the investigation of resource management and City Plan issues.

Some initial work has been done on a concept plan and feasibility analysis for one particular proposal for the site. The possibility of gentrification, and its effect on affordable housing in the area on completion of the development, may need to be considered in the Council's future strategic planning.

Normal Council procedures will be adopted for the consultation and design processes for the park.

A recommendation is made to establish a working party to assist officers in implementing the processes outlined in this report.

RELEVANT COUNCIL POLICY

1. Central City Revitalisation Strategy

Details of this strategy are given above under the context heading.

2. Policy for Disposal of Property

Property: Sale Of

That, in principle, the Council should publicly tender properties for sale unless there is a clear reason for doing otherwise. Council 29 October 1991

Property - Process for Disposal of Council Property within the Central City Area

1. That the Council's policy of publicly tendering properties for sale unless there is a clear reason for doing otherwise be confirmed as applying to all areas of the city with the exception of the area in which the (interim) Central City Board is active in pursuit of Council revitalisation goals.
2. That it be confirmed that all such sales of Council land must be approved in the normal way by the full Council. Council 16 December 2000

3. City Plan

There are a number of City Plan policies and objectives which will be need to be considered in redevelopment of the site, including either a change to the current zoning or a resource consent application for a particular development proposal. These are addressed further below.

DESCRIPTION OF THE PROPOSAL

PROJECT TERMS OF REFERENCE

A project control group of Council officers was established to liaise with a working group of the Central City Mayoral Forum (CCMF) to develop the process, as described in this report. The working group is chaired by Sir Miles Warren and consists of people with a wide range of business experience.

The vision and objectives for the redevelopment have been developed in consultation with the working group of the CCMF and the Corporate Team, as follows:

AIM/VISION

To revitalise and enhance the eastern side of the central city by developing the site as a quality residential environment including an attractive and accessible public park. This would be within a context of, and act as a catalyst for the development of other sites in the locality, to encourage more people to live in the central city.

OBJECTIVES

The development will be regarded as successful if:

General

1. It creates sustainable and economic investment and activity on the site and in the surrounding area.
2. It results in a significant increase in the number of people living in and contributing to the vitality of the area.
3. It promotes a sense of community among the residents.
4. Further residential and other compatible development is carried out on other sites in the area.

Scope

5. It provides a range of housing types to meet a variety of needs, which may include student housing.
6. It may include light commercial/retail and educational uses compatible with the requirements of the residents.
7. It provides for an open space which complements other inner city open spaces and is integrated into the surrounding area.
8. It includes improvements to the general amenity of the area carried out by the Council in support of the project.

Design

9. Its design incorporates best practice sustainability principles.
10. It includes provision for public art.
11. Its design sets a high standard for future development of the surrounding area.
12. It provides links to adjoining areas such as the High Street precinct, the CPIT campus, and towards the Latimer Square area.
13. It has a medium density and a height reflecting its central city location (low rise up to six storeys).

Process

14. It is carried out using an open process in association with the private sector.

It is anticipated that these objectives would be among those used in considering proposals for the development of the site.

PROPOSED PROCESS FOR ENGAGING THE PRIVATE SECTOR

A number of options are available for the process by which the private sector (and any other parties who may have interest in the site) is engaged for the development of the site. These include:

1. Begin with discussions with selected developers, with a view to ascertaining their interest in and willingness to participate in the redevelopment.
2. Undertake a formal Registration of Interest (ROI) process, in which the public is invited to submit details of their interest in the site. There are several forms these expressions of interest may take, and a range of options is available for the Council. This process may be used to identify the most suitable parties, who could then be provided with a formal Request for Proposals (RFP).
3. Undertake an RFP process without first going through an ROI process.

The Council has stated its intention to engage the private sector to undertake the development of the site using a fair open and transparent process. This limits the Council's ability to consult with selected parties in the private sector in other than an open (ie public) process, thereby effectively preventing option 1 above.

This leaves a choice between options 2 and 3 above. As option 2 includes option 3, the question to be considered is what value is added by going through an ROI process before an RFP process.

The advantages of conducting an ROI process first are:

- This provides the most open and public way in which any party can be considered for the project, and ensures that no one can claim they have not had the opportunity.
- Within the context of an ROI process, contact can be made with potentially interested parties, to ascertain their interest.
- Some interested parties may be interested in participating in a part of the development only. This process allows their contribution to be considered, and may result in them being referred to other parties with a view to them creating a consortium for a joint submission for the RFP process.
- Information will be gained on the likely market demand.
- It follows international best practice for development proposals of this nature.

The disadvantages of conducting an ROI process first are:

- Additional time is required. However it should be noted that the site is not available for some time, and the town planning issues will also take some time to resolve, so this is not expected to result in delaying the overall process.
- There is a cost for both the Council and the respondents. This may be act a disincentive to some developers from responding at this stage.

It is concluded that the preferred option is option 2, which entails an initial registration of interest process, followed by a request for proposals from the most suitable parties identified in the ROI process.

OTHER ISSUES

Resource Management Issues, Proposed City Plan

The site is currently zoned Business 3, which provides for light industrial, retailing, offices, warehousing, community and open space uses. Its purpose is to maintain existing industrial employment opportunities while progressively enhancing amenity standards.

The proposed redevelopment of the site for residential purposes is a non-complying activity within the Business 3 zone, so to allow the proposed development to proceed will require one of two actions to be taken:

1. A resource consent application can be made
2. A plan change can be promoted to change the zoning so that the proposed uses can be provided on the site.

Initial consideration of these options indicates that the preferred method would be to undertake a plan change. Although potentially taking less time, a resource consent application would require a detailed and precise proposal to be considered, and in any event there is a significant risk of the application being declined due to its conflict with the City Plan policies for that block. A plan change has more flexibility and enables the Council to alter its policies. As with a resource consent, there is a risk that, following the hearing of submissions, the change might not be approved. Because the Council has a conflict of interest, the application or change would need to be heard by a commissioner.

Whatever development proposals were considered from private developers, these would need to be conditional on the zoning being changed, (or consent being granted) so the sequence and timing of the change will need to be integrated with the process of securing private developers for the site.

A full report on these issues will be prepared and submitted to the Council for approval.

Concept Plan and Feasibility Analysis.

A concept plan and feasibility analysis is being developed with the assistance of Sir Miles Warren and the working group of the CCMF, to explore one possible way of developing the site. The concept plan provides for a mixture of student accommodation and general residential accommodation.

This will provide a test of the feasibility of the development, and will be a useful benchmark against which future development proposals can be tested. It is not intended to preclude the consideration of other concept plans which are economically feasible and meet the Council's objectives.

Gentrification and Affordable Housing

The long term effects of this project, and Central City revitalisation efforts generally, on affordable housing in this part of this city, may need to be considered in the Council's future strategic planning.

Process for Development of the Park

It is intended that the consultation and design processes for the park will follow normal Council procedures, and the timing of this will need to be integrated into the timeframe of the other aspects of the project.

CONCLUSION

At its July 2002 meeting the Council debated a motion that the Council ". reiterate its commitment to a fair open and transparent process if and when it engaged the private sector to develop residential accommodation on the Turners and Growers site".

The Council decided to refer this motion to the Strategy and Finance Committee for further consideration.

It is considered that given this report now sets out the process for involving the private sector in the development of the Turners and Growers site, the intent of the Council's July 2002 resolution has now been met.

Staff

- Recommendation:**
1. That the Council approve the aims/vision and objectives for the redevelopment of the site.
 2. That the Council approve the adoption of a public registrations of interest process, which may be followed by a request for proposals from suitable parties identified in the registration of interest process.
 3. That the Council approve the commencement of investigation into the zoning of the site and surrounding areas.
 4. That an unpaid working party be established to assist officers in implementing the processes outlined in this report.
 5. That the working party consist of eight members, being the Chair of the Strategy and Finance Committee, Councillors Anderton, Crighton and Wright, the Chair of the Hagley/Ferrymead Community Board or his representative, and three members of the Central City Mayoral Forum.
 6. That Sir Miles Warren be invited to chair the working party.
 7. That future reports and recommendations by officers on this project be reported via the working party to the Strategy and Finance Committee.
 8. That Council approval be sought for all budget issues.
 9. That Council approval be sought for the preferred development proposal.

Chairperson's

- Recommendation:** That the information be received.