
Thursday, 28 October 2021

Te Hui o Te Kaunihera ā-Rohe o Heretaunga
Hastings District Council
Council Meeting

Kaupapataka

Supplementary Agenda

Te Rā Hui:
Meeting date: **Thursday, 28 October 2021**

Te Wā:
Time: **1pm**

Te Wāhi:
Venue: **Council Chamber
Ground Floor
Civic Administration Building
Lyndon Road East
Hastings**

Te Hoapā:
Contact: **Democracy and Governance Services
P: 06 871 5000 | E: democracy@hdc.govt.nz**

Te Āpiha Matua:
Responsible
Officer: **Chief Executive - Nigel Bickle**

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Supplementary Agenda

Tiamana

Chair: Mayor Sandra Hazlehurst

Mematanga:

Membership:

Ngā KaiKaunihera

Councillors: Bayden Barber, Alwyn Corban, Malcolm Dixon, Damon Harvey, Tania Kerr (Deputy Chair), Eileen Lawson, Simon Nixon, Henare O’Keefe, Peleti Oli, Ann Redstone, Wendy Schollum, Sophie Siers, Geraldine Travers and Kevin Watkins

Tokamatua:

Quorum:

8 members

Apiha Matua

Officer Responsible:

Chief Executive – Nigel Bickle

*Te Rōpū Manapori me te
Kāwanatanga*

Democracy and

Governance Services:

Louise Stettner (Extn 5018)

Te Rārangi Take

Order of Business

16.0 **Heretaunga House**
(Report taken in Open Session)

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Thursday, 28 October 2021

Te Hui o Te Kaunihera ā-Rohe o Heretaunga
Hastings District Council: Council Meeting

Te Rārangi Take

Report to Council

Nā: Bruce Allan, Group Manager: Corporate
From: Bronwyn Bayliss, Group Manager: People and Capability
Craig Thew, Group Manager: Asset Management

Te Take: Heretaunga House
Subject:

Open Agenda Item 16

1.0 Executive Summary – *Te Kaupapa Me Te Whakarāpopototanga*

- 1.1 The purpose of this report is to seek approval from Council to deconstruct Heretaunga House and to develop a hierarchy of opportunities for future developments on the 3,220m² site.
- 1.2 It has been identified through the investigations undertaken to-date that it is uneconomic to strengthen and redevelop Heretaunga House. Therefore the option of deconstructing Heretaunga House is the only viable option.
- 1.3 This report recommends that Council issues a Request for Proposal (RFP) to suitably qualified demolition contractors for Heretaunga House to be deconstructed and converted into a ground level carpark while Council explores alternative development options. These options may include achieving outcomes that meet the office requirement needs for Council's overflow office accommodation; providing inner city living opportunities; and providing permanent car parking options.
- 1.4 It is expected that any future recommendations to Council for the redevelopment of the Heretaunga House site will be undertaken through a partnership approach with a suitable qualified and resourced developer with Council negotiating the outcomes to be achieved.
- 1.5 Any future development considerations will be a matter of further consideration and decision making of Council.

2.0 Recommendations - Ngā Tūtohunga

- A) That the Council Meeting receive the report titled Heretaunga House dated 28 October 2021.
- B) That the Council approve the deconstruction of Heretaunga House and instruct officers to issue a Request for Proposal from suitably qualified and experienced demolition contractors for this work.
- C) Council notes the importance of undertaking this work in a sustainable way with as much as possible of the building to be repurposed and recycled.
- D) That Council approves up to \$1.3m of unbudgeted loan funding to enable Heretaunga House to be deconstructed and a temporary car park to be constructed.
- E) Council instructs the Chief Executive to engage urban design expertise to inform a hierarchy of opportunities for future developments on this site and for officers to report back to Council on future development options.
- F) That Council notes that the Chief Executive will allocate up to \$50,000 from the contingency reserve to fund the option development including urban design expertise.

3.0 Background – Te Horopaki

- 3.1 The background to this report has been provided in the Open part of this agenda, titled “*Heretaunga House – background information*”.

4.0 Discussion – Te Matapakitanga

Demolition / Deconstruction

- 4.1 Aside from earthquake risk, there is no immediate safety risk with Heretaunga House remaining in place, other than some of the Brise Soleil and façade elements and enclosed balconies which are beginning to show signs of rot.
- 4.2 The information provided in the Open Agenda has detailed the extensive works required to remedy Heretaunga House and it is the Officers view that it is uneconomic to strengthen this building. Assuming that Council concurs with this conclusion, the demolition of the building is an outcome that will occur, it is a matter of timing and who undertakes that work.
- 4.3 Deconstruction could be undertaken soon with Council commissioning this work. It would take away risk from any future development and enable the land to be utilised for a car park in the interim until a future development option is determined and construction commences. Deconstruction costs are estimated at between \$1.0m and \$1.3m. There are some unknowns in regards to any additional costs that may be incurred in creating the carpark base, however the estimates above had attempted to factor this in.
- 4.4 This option would also provide Council with time to fully investigate all options for redeveloping this site.
- 4.5 Alternatively deconstruction could be undertaken as part of the development work and only completed when a future use has been determined.

Future needs:

- 4.6 There are a number of options that Council can consider when thinking about what the future needs could be for this site.
- 4.7 Office space
- 4.8 Council currently leases approximately 1,000m² of office space on Warren Street and 200m² on Hastings Street. This includes office space for Council's Corporate Group, the People and Capability Group, the Strategy and Development Group and the Community Wellbeing and Services Group. It is estimated that Council would require up to 1,500m² of office space in addition to what can be provided in the Civic Administration Building (CAB Building) to future proof its requirements. The total cost of these leases is approximately \$300,000 per annum.
- 4.9 Current lease arrangements for the Warren Street office run through until March 2024 with a further right of renewal to September 2025. The Hastings Street lease runs for 3 years from May 2021, coming up for renewal in May 2024.
- 4.10 Conversations have been had with other public service agencies including the Hawke's Bay Regional Council regarding future office requirements in Hastings, however they have yet to be developed into anything meaningful that could be used to support this proposal.
- 4.11 There may be other opportunities for other agencies to co-locate in a replacement building that could underpin any future development.
- 4.12 Council's requirement for up to 1,500m² of office space could provide the ideal anchor to any potential future development. It is noted that various central government reform agendas may alter this.
- 4.13 Heretaunga House is also home to approximately 20 storerooms in the basement which Council uses to store records and archives. A programme of work has commenced to rationalise as much as possible the records requiring medium to long term storage. There is also a large collection of Council archives that require permanent retention, e.g. minute books etc.
- 4.14 Car parking
- 4.15 Car parking in the east end of the Hastings CBD is at a premium and this is being further exacerbated by the success of Toitotoi and the increasing numbers of people coming into the CBD, particularly during the day.
- 4.16 There are alternative options available to improve the provision of car parking in this area of the CBD, however they include either the acquisition of land and buildings or the construction of a multi-level car parking facility.
- 4.17 A car parking study is being commissioned and the results of this will help inform requirements for this part of town.
- 4.18 Toitotoi recently undertook a customer satisfaction survey and in the free form comment section the lack of parking around Toitotoi was a recurring theme. 885 comments were made in the free form comments section with 40% of those referring to car parking being a problem. The survey had a very high level of satisfaction with 97% of respondents being either satisfied or very satisfied, however when the question was specifically about car parking, that dropped to 70%.
- 4.19 Inner City Apartment living:
- 4.20 Council has adopted the Hastings Medium and Long Term Housing Strategy which includes an aim of: *"There is a sustainable supply of market and affordable homes through greenfields developments and urban and inner city intensification to meet market and social demand."*
- Supporting that aim is a stated outcome of *"Intensification of urban residential and CBD areas is underway and supported by developers and the community."*

- 4.21 Council is recognised as the lead agency for Action 2.2 of the Strategy which states:
“The quantum of housing within the existing urban boundary is increased to meet HPUDS targets by Council accelerating its housing intensification programme in the Hastings urban area and CBD through proactive engagement with developers and responsive policies and regulatory processes. Introducing economic incentives to developers to incentivise the development of intensive housing in the inner city.”
- 4.22 The opportunity that presents itself with a potential redevelopment on the Heretaunga House site is an enabler to helping council achieve some of the outcomes stated in the Hastings Medium and Long Term Housing Strategy.
- 4.23 CDEM overflow
- 4.24 Linked to the office space requirement, there may be an opportunity to provide office space for CDEM event support, providing the building was available post an event. It would not be feasible to design this building to an Importance Level 4 (IL4) standard for this purpose as the cost would be prohibitive.
- 4.25 Urban design
- 4.26 It is important that any repurposing of Heretaunga House is cognisant of its environment and in this case it would need to acknowledge the Civic Precinct for Local Government, Civic Square with important community facilities including the District Library and the City Art Gallery and the main hospitality and entertainment sector of the CBD within two blocks.
- 4.27 Any redevelopment on this site has the opportunity to significantly add to the revitalisation of the Hastings CBD and careful urban design considerations will be required.
- 4.28 DELETED

Conclusions

- 4.29 Based on the information provided above, the following conclusions have been reached:
1. It is uneconomic to strengthen and repurpose Heretaunga House and deconstruction of this building is the only viable option.
 2. Council does not need to own its overflow office requirements.
 3. The Heretaunga House site is a strategically important, located within the wider Civic Precinct. Any future use of this site will have to be carefully considered.
 4. A deconstructed and cleared Heretaunga House site could be utilised as a car park until such time as Council was ready to develop the site.

5.0 Options – Ngā Kōwhiringa

Option One - Recommended Option - Te Kōwhiringa Tuatahi – Te Kōwhiringa Tūtohunga

- 5.1 Deconstruct Heretaunga House and convert into a temporary carpark while further investigations are undertaken to determine future needs.

Advantages

- Through the background information provided and the investigations undertaken it is evident that it is uneconomic to strengthen and redevelop Heretaunga House.
- There are a number of opportunities for Council to explore in regards to future opportunities on this site and seeking expressions of interests from developers is one option that could be explored.

- Council will want to fully explore its options and engaging an Urban Designer to do a high-level assessment of the Civic Precinct and surrounding area could inform Council further, including understanding how connections and relationships between Council facilities work.
- Engaging with the Developers directly once Council has a better idea of what its development requirements will be will put Council in a stronger position to achieve its desired outcomes.
- Council could temporarily utilise the cleared Heretaunga House site for a car park until such time as it was in a position to redevelop this site. There could be revenue opportunities from doing this through either the creation of leased car parks or metered carparks.
- A cleared site will send a strong message that Council is keen to consider future options and will reduce risk for any future development opportunities.

Disadvantages

- Deconstructing Heretaunga House will come at a significant cost, potentially in excess of \$1m. This is not a budgeted activity and any expenditure incurred will require loan funding with a view to this being repaid through any future land sale of development opportunity on this site.
- It may be more economic for any future developer to undertake the demolition as part of any redevelopment, however the risk associated through this stage of the redevelopment will be factored into any future development proposal.

Option Two – Status Quo - Te Kōwhiringa Tuarua – Te Āhuetanga o nāianeī

5.2 Seek Expressions of Interest from Developers to purchase Heretaunga House “as is” and develop a mixed use commercial complex that provides opportunities for car parking, office space and inner city living.

- This option is not recommended at this stage as there is still some work to be done to fully inform Council of the options and opportunities that could be included in any redevelopment proposal.
- While that work is being undertaken, Council could de-risk the deconstruction component of this project by engaging a suitable qualified contractor and creating a temporary carpark.

6.0 Next steps – *Te Anga Whakamua*

6.1 Should Council approve the recommended option of deconstructing Heretaunga House, the next steps would include:

- Preparing Heretaunga House for deconstruction which would include:
 - Removal of Council records stored in the building basement
 - Termination of the lease for the last remaining tenant
- Issuing an RFP to suitable qualified and experienced demolition contractors
- Undertaking an urban design assessment of the area to help inform future opportunities before reporting back to Council on the next steps.
- In the meantime the deconstructed site will be prepared as a temporary carpark.

Attachments:

There are no attachments for this report.

Summary of Considerations - *He Whakarāpopoto Whakaarohanga*

Fit with purpose of Local Government - *E noho hāngai pū ai ki te Rangatōpū-ā-Rohe*

The Council is required to give effect to the purpose of local government as set out in section 10 of the Local Government Act 2002. That purpose is to enable democratic local decision-making and action by (and on behalf of) communities, and to promote the social, economic, environmental, and cultural wellbeing of communities in the present and for the future.

Link to the Council's Community Outcomes – *Ngā Hononga ki Ngā Putanga ā-Hapori*

This proposal has the potential to promote all of the wellbeings of communities in the present and for the future.

Māori Impact Statement - *Te Tauākī Kaupapa Māori*

While not required as part of the recommended first stage which would include deconstructing Heretaunga House, any future development opportunities would need to strongly incorporate the Te Aranga Design Principles adopted by Council.

Sustainability - *Te Toitūtanga*

The deconstruction would be undertaken in a way to minimise waste with any future development undertaken to incorporate many new sustainability initiatives expected of a modern commercial building.

Financial considerations - *Ngā Whakaarohanga Ahumoni*

The deconstruction of Heretaunga House will come at a significant cost, potentially in excess of \$1m. This is unbudgeted expenditure and will occur financing costs of approximately \$35,000 per annum. There will be opportunities to generate parking revenues while Council works through future development opportunities which could meet this financing cost and contribute to meeting the current financing requirements of the outstanding debt

Significance and Engagement - *Te Hiranga me te Tūhonotanga*

This decision has been assessed under the Council's Significance and Engagement Policy as being of moderate significance. Heretaunga House is not considered a strategic asset and the cost to deconstruct the building is not considered significant in terms of the policy.

Consultation – internal and/or external - *Whakawhiti Whakaaro-ā-roto / ā-waho*

No consultation has been undertaken and no consultation is recommended. It is evident from the work that has been undertaken that it is not economic for Council to strengthen this building and deconstruction is the only feasible option.

Risks

REWARD – <i>Te Utu</i>	RISK – <i>Te Tūraru</i>
<p>It is almost certain that Council will retain control and future influence over what happens on this site through the recommended option.</p> <p>While Council will be able to achieve some of the broader LTP outcomes that it has set by maintaining this control and influence, these are not yet identified and the extent to which they are achieved will become evident through the next stage of this process post deconstruction.</p>	<p>This option may likely to create reputation risk for Council through a perceived lack of value to the community.</p> <p>The recommended option of deconstruction while further exploring future options is possibly the lower risk option for Council, although Council will be taking on any deconstruction risk through this option rather than passing it on to any developer.</p>

Rural Community Board – *Te Poari Tuawhenua-ā-Hapori*

N/A