



I hereby give notice that an ordinary meeting of the Auckland Development Committee will be held on:

Date: Thursday, 15 May 2014
Time: 10.30am
Meeting Room: Reception Lounge
Venue: Auckland Town Hall
301-305 Queen Street
Auckland

Auckland Development Committee OPEN ADDENDUM AGENDA

MEMBERSHIP

Chairperson	Penny Hulse	
Deputy Chairperson	Chris Darby	
Members	Cr Anae Arthur Anae	Cr Calum Penrose
	Cr Cameron Brewer	Cr Dick Quax
	Mayor Len Brown, JP	Member Josie Smith
	Cr Dr Cathy Casey	Cr Sharon Stewart, QSM
	Cr Bill Cashmore	Cr Sir John Walker, KNZM, CBE
	Cr Ross Clow	Cr Wayne Walker
	Cr Linda Cooper, JP	Cr John Watson
	Cr Alf Filipaina	Cr Penny Webster
	Cr Hon Chris Fletcher, QSO	Cr George Wood, CNZM
	Cr Denise Krum	
	Cr Mike Lee	
	Member Liane Ngamane	

(Quorum 11 members)

Tam White
Democracy Advisor

14 May 2014

Contact Telephone: 09 307 7253
Email: tam.white@aucklandcouncil.govt.nz
Website: www.aucklandcouncil.govt.nz

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Downtown Shopping Centre Block Redevelopment – Future of Queen Elizabeth Square

File No.: CP2014/08792

Purpose

1. To brief the Auckland Development Committee on an opportunity that the City Rail Link (CRL) project provides to achieve a comprehensive quality redevelopment outcome for the Downtown Shopping Centre (DSC) block.

Executive summary

2. The Downtown Shopping Centre (DSC) block, sitting between Lower Queen Street and Lower Albert Street, is strategically placed at the point where the city centre meets the waterfront and various public transport modes interchange (ferry, bus and rail). Its future development is critically important to the delivery of the City Rail Link (CRL) and has the potential to contribute to the realisation of some key City Centre Masterplan 2012 (CCMP) outcomes, most notably, the transformation of the Quay Street area as a landmark waterfront space.
3. Almost uniquely in a city centre context land in the block is owned by only two parties. Precinct Properties New Zealand Limited (PPNZL) owns the DSC and the two adjacent commercial office towers (HSBC Tower, 1 Queen Street and Zurich House, 21 Queen Street) and council owns Queen Elizabeth Square (QE Square).
4. The alignment of the proposed City Rail Link (CRL) requires new rail tunnels to be constructed through the site occupied by the DSC. PPNZL purchased the site in 2012 fully aware of the CRL designation process and associated construction requirements and motivated by the opportunity to agree a joint development proposal with Council/AT that would enable the rail tunnels to be built in conjunction with the redevelopment of the block.
5. PPNZL recently embarked on a master planning exercise for the properties in its ownership within the DSC block. The initial concept design work suggests basement parking, a three storey street based retail podium with potential roof top space and a 36 storey commercial tower placed on the corner of Lower Albert Street and Custom Street West.
6. As part of the integrated redevelopment of the block, PPNZL have identified an opportunity to optimise the retail offer and potential built form outcome through the inclusion of QE Square in a comprehensive development.
7. Council staff believes that the inclusion of QE Square in a comprehensive development could provide the opportunity to advance the CCMP goals by further enhancing overall retail vitality and viability and public space provision in the city centre. Proceeds from the disposal of QE Square, an underutilised and poorly performing city space, would enable the creation of new public space that better meets the needs of the area. This new 'offsite' space would be over and above any publicly accessible space (e.g. laneways and rooftop space) provided within the block as part of satisfying the operative Central Area District Plan provisions.
8. Comprehensive redevelopment also provides the opportunity to reinstate the historic built form of the block lost through large-scale demolition and the closure of Little Queen Street in the 1970s. Current proposals include a reinterpreted Little Queen Street and the reintroduction of the original strong active built edge to Lower Queen Street which, it is proposed, in front of the Chief Post Office (CPO) building be transformed as a pedestrianised civic space.
9. The 'below ground' CRL works and 'above ground' redevelopment are capable of being realised in stages however delivering them as a comprehensive package is likely to lead to a

higher quality and more cost effective outcome. This opportunity is time limited resulting in the need to now determine whether the physical extent of a comprehensive above ground redevelopment includes QE Square.

10. The report seeks approval in principle to the inclusion of QE Square in wider redevelopment of the DSC block subject to outcome of associated statutory public processes. It also proposes that the proceeds from disposal of QE Square be reinvested in the provision of new and/or enhanced public civic space in the area, over and above that proposed by PPNZL to be delivered within the DSC block. This offsite space could, for example, include the creation of waterfront public space at the foot of Lower Albert Street or at the Admiralty Steps west of Queens Wharf.

Recommendation/s

That the Auckland Development Committee:

- a) approve in principle the disposal of land on which Queen Elizabeth Square stands as part of the wider redevelopment of the Downtown Shopping Centre block subject to the outcome of associated statutory public processes (road stopping and rezoning of the land).
- b) agree that the proceeds from the potential disposal of Queen Elizabeth Square are reinvested in new or enhanced public civic space/s that:
 - i. is of at least the same quantum and higher quality to the existing space
 - ii. is located either within or in reasonable proximity to the Downtown Shopping Centre block
 - iii. is capable of being delivered broadly at the same time as the permanent loss of the existing space.
- c) direct staff to work with the Waitemata Local Board and Iwi on evaluating 'offsite' public civic space options with the findings to be considered by the Parks, Recreation and Sports Committee prior to being presented back to the Auckland Development Committee for approval in August.
- d) agree to the sale of Queen Elizabeth Square being considered as part of the preparation of a Development Agreement between Auckland Transport, Auckland Council Property Limited and Precinct Properties New Zealand Limited on the basis that:
 - i. its final inclusion remains subject to statutory public processes (road stopping and rezoning of the land).
 - ii. the Development Agreement include conditions relating to the built form outcomes sought by council.

Comments

Location, description and use history

11. The city block bordered by Lower Albert Street, Quay Street, Lower Queen Street and Custom Street West, described as the Downtown Shopping Centre (DSC) block for the purpose of the report, comprises Queen Elizabeth Square (QE Square) and three buildings owned by Precinct Properties New Zealand Limited i.e. Zurich House (21 Queen Street), HSBC Tower (1 Queen Street) and the DSC. The DSC block is approximately 4.6 hectares in size.

12. Sitting adjacent to the Britomart Transport Centre and the Downtown waterfront the DSC block has long been recognised as having significant latent potential as a major city centre gateway. An extant resource consent granted in 2008 to the former owners of the Downtown Shopping Centre, Westfield Group, comprises a 41 storey commercial office tower and two storey podium covered retail mall.
13. PPNZL, a listed company formerly known as AMP NZ Office Limited (ANZO), is an investor in commercial office property and owns a significant office property portfolio across the city centre. Having owned Zurich House, 21 Queen Street since 2007 PPNZL, in recognition of the DSC block's potential and the opportunity afforded by the City Rail Link (CRL) project, consolidated its ownership with the purchase of the DSC (2012) and HSBC Tower, 1 Queen Street (2013). Almost uniquely in a city centre context the entire block is in the ownership of just two parties, PPNZL and Council, presenting the opportunity for a partnership approach to realising the block's full potential. Reflecting this partnership opportunity PPNZL is currently engaged in ongoing negotiations with Auckland Council (AC), Auckland Transport (AT) CRL Team and Auckland Council Property Limited (ACPL) over the integration of CRL tunnels under its DSC block properties.
14. QE Square is contained by Lower Queen Street to the east, HSBC Tower to the north, Downtown Shopping Centre to the west and Zurich House to the south. It measures approximately 2,000 square metres (sq m) in size.
15. QE Square was created on the western side of Lower Queen Street in the early 1970's following the demolition of previously intact Victorian and Edwardian built fabric as part of the Auckland Harbour Board redevelopment plans. It was designated as open space and transferred to Auckland City Council in exchange for the closure of Little Queen Street.
16. For most of the late 1970's QE Square functioned primarily as a transitional public space and forecourt entrance to the newly constructed DSC and Air New Zealand House (now HSBC Tower) and Downtown House (now Zurich House). Its unattractive environmental conditions were however widely criticised and in 1980 this prompted full closure of Lower Queen Street as a public square between DSC and the Chief Post Office (CPO). The new expanded square featured extensive public seating in areas defined by raised planters, trees and fountains, and became a popular and well-used public space, enjoying full exposure to the sun during the middle of the day.
17. With the development of the Britomart Transport Centre in 2002 Lower Queen Street became a bus exchange and QE Square was returned back to its original state. It is currently used as a thoroughfare and has a café on its northern edge. It also represents one of the only potential gathering spaces in the city centre's downtown area and does host occasional organised events.
18. The square has over the years accommodated a number of public art installations including the Wind Tree (by Michio Ihara, 1972) which is now found in the Wynyard Quarter. Currently the square is home to the basalt rock Te Ahi Kaa Roa sculpture (by Ngāti Whātua, 2004). There is also a grove of kauri trees, within recessed gravel pit on the northern edge of QE Square which was installed 2003 as part of a general upgrade.

Strategic Context

19. The alignment of the proposed City Rail Link (CRL) requires new rail tunnels to be constructed through the site occupied by the DSC. PPNZL purchased the site in 2012 fully aware of the CRL designation process and associated construction requirements and motivated by the opportunity to agree a joint development proposal with Council/AT that would enable the rail tunnels to be built in conjunction with the redevelopment of the block.

20. The City Centre Masterplan (CCMP) adopted by council June 2012 (Resolution number: GB/2012/96) identified the DSC block as being an important 'bead on the string' of the Quay Street focused harbour edge transformational move. QE Square and Lower Queen Street's potential to become a 'postcard image' of the city, reflecting their significance as the forecourt to Britomart Station is identified although the square is noted as being a sub-optimal space. An east-west lane way, as an extension of Britomart's Te Ara Tahuu, is promoted through the block as part of a city centre wide lane way circuit.
21. PPNZL submitted in support of the draft CCMP in October 2011 and proposed the concept of the 'Harbour window' which would see the two blocks between Lower Hobson Street and Lower Queen Street significantly redeveloped and enhanced as a new mixed-use precinct.
22. As part of the Regional Public Transport Plan several new bus interchanges are required in the city centre including one in the Downtown area. AT propose that the Downtown Bus Interchange should be a combination of the existing Britomart facility coupled with a new facility on Lower Albert Street. This arrangement necessitates a high quality, legible, publically accessible through-site pedestrian link to Lower Queen Street through the DSC block.

Draft Proposal

23. In October 2013 council staff issued a design and development brief to PPNZL which sought to summarise the strategic design context for the DSC block. Five opportunity principles were identified for consideration by PPNZL's masterplan team as follows:
 - a) **Lower Queen Street & Queen Elizabeth Square** – creation of pedestrianised civic space on the central portion of Lower Queen Street in front of the CPO building as enabled by the new Downtown Bus Interchange design and the enhancement and/or incorporation of some or all of QE Square into the DSC block development.
 - b) **Te Ara Tahuu Extension (East-West Mid-Block Link)** – inclusion of a public east-west link through the DSC block as an extension to the Te Ara Tahuu walkway and a means of connecting the Britomart Transport Centre with the proposed Lower Albert Street Bus Interchange.
 - c) **Little Queen Street (North-South Mid-Block Link)** – potential reinstatement of this historic north-south street through the block as a pedestrian laneway.
 - d) **Lower Albert Street Bus Interchange** – design integration of bus interchange and canopies into the western elevation of the DSC development.
 - e) **Visual Connectivity** – protection of key views from the DSC development to important adjoining heritage buildings specifically Ferry Building, Britomart/CPO Building, Customhouse and Dilworth Building.
24. In April 2014 the masterplan team presented PPNZL with a concept design comprising limited basement parking, three storey street or 'lane way' based retail podium with potential roof top space and a 36 storey commercial tower placed on the corner of Lower Albert Street and Custom Street West. HSBC Tower and Zurich House are retained with the former being significantly remodelled at its lower levels to improve overall permeability and interface with Quay Street.
25. Through the initial masterplanning process PPNZL's team identified the opportunity to optimise the retail offer and overall built form outcome by incorporating part or all of QE Square although the concept design has a flexible arrangement to enable development with or without its inclusion. There may also be the potential to use part of the below ground space (excluding the CRL tunnel area) for PPNZL parking as compensation for the parking lost in the DSC due to the CRL tunnels.

26. PPNZL plan to lodge a resource consent for the proposed redevelopment in the final quarter of 2014 with a view to having the scheme completed during 2017 and now wish to ascertain whether council will consider selling QE Square for inclusion in the scheme.
27. The 'below ground' CRL works and 'above ground' redevelopment are capable of being realised in stages however delivering them as a comprehensive package is likely to lead to a higher quality and more cost effective outcome. This opportunity is time limited resulting in the need to now determine whether the physical extent of a comprehensive above ground redevelopment includes QE Square.

Analysis of proposed use of Queen Elizabeth Square

28. QE Square functions primarily as a passive space, a thoroughfare to pass through rather than a space to linger. It is generally regarded as an unsuccessful space. This can be attributed in part to the lack of active built frontage onto it and the visual and physical severance to Lower Queen Street created by the entrance to the underground rail platforms and glazed canopy that defines its eastern perimeter. Perhaps more critically, it is the orientation of the QE Square that is its greatest drawback being cast in shadow by 1 Queen Street for significant portions of the day.
29. Based on the current PPNZL masterplan for the DSC, opportunities for providing alternative public civic space within the redevelopment that would constitute a like for like swap for QE Square are limited. According to PPNZL, the proposed redevelopment complies with the operative Central Area District Plan provisions, and uses bonuses such as through-site links and public plaza to achieve floors above the basic floor area ratio of 6:1.
30. Council planners have not yet analysed the design concept in terms of compliance with the district plan provisions but it would appear probable that any publicly accessible space provided on site is likely to relate to bonus floor area provisions or existing pedestrian easements. In this context, if the principle of including QE Square in the redevelopment is accepted, it is proposed that the proceeds of the disposal of the land be reinvested in offsite public space. Options include the creation of a new waterfront public space at the foot of Lower Albert Street or at the Admiralty Steps west of Queens Wharf. These options would be supported by the proposed pedestrianisation of Lower Queen Street to create a formal civic space and the general enhancement of Quay Street.
31. Options for new public space within reasonable proximity to QE Square will, subject to the direction of the Committee, be evaluated by council staff working with the Waitemata Local Board and Iwi against the Parks and Open Space Acquisition [and disposal] policy adopted by council in June 2013 (Resolution number: RDO/2013/96). The findings of this exercise will form the basis of a further report to the Parks, Recreation and Sports Committee.

Legal and Planning Status of Queen Elizabeth Square

32. QE Square is zoned Public Open Space 1 in the Auckland Council Central Area Operative District Plan 2004 and its status as a Pedestrian Mall is noted on the transportation overlay. QE Square is legally recognised as a road under the Local Government Act 1974.
33. The current planning and legal status of QE Square does not provide for commercial development as of right. The development of commercial space on it would require the road to be stopped (an AT led process requiring AT Board approval) and a plan change (an AC led process to alter the zoning) or a resource consent application.
34. With regards the road stopping process it is anticipated that the Local Government Act 1974 (LGA) process (as opposed to the Public Works Act 1981) will be followed as it allows for public notification and objection under which the Environment Court is the final decision maker. This process can take between six months and two years plus depending on any objections received.
35. With regards the planning status, this could be altered via plan change (public or private) or through a non-complying resource consent application.

36. The notified Unitary Plan introduces a precinct plan for the Downtown West area, with no zone applied to QE Square. The precinct plan would enable the rezoning of QE Square to City Centre zone (and its associated objectives, policies and rules) subject to the application of a Framework Plan as a restricted discretionary or full discretionary resource consent. The Framework Plan would need to propose how the alternative public civic space would be provided either within or adjoining the precinct plan area.
37. The provisions in the notified Unitary Plan would help facilitate rezoning of the site subject to satisfying associated rules and assessment criteria. However, it is yet to be determined whether the precinct plan provisions would be operative in time to meet PPNZL's current construction programme.
38. At present a private plan change is the probable planning policy pathway albeit further detail on the nature of the proposed redevelopment is required before a final recommendation can be made. The plan change process could take up between 9 - 12 months from its lodgement with council assuming no appeals
39. It is anticipated that the recommended legal and planning pathways would take up to 18 months to conclude from the point of a council decision to proceed. Only once the road is stopped can ACPL proceed with the disposal process. In this context PPNZL would, in the first instance, need to lodge a resource consent for land in its ownership if it is to meet the proposed construction programme. A further resource consent would then be required to have part or all of QE Square incorporated. PPNZL concept designs are sufficiently flexible to enable the staging of development with, for example, QE Square developed as a second stage.

Consideration

Local board views and implications

40. The Waitemata Local Board have been kept informed of the emerging proposals for the DSC block and attended the Auckland Development Committee briefing workshop with PPNZL on 10th April 2014.
41. The Waitemata Local Board has local placemaking responsibilities and will be involved in evaluating the options for new public civic space provision in the area. Further workshops will take place should there be an in principle decision to proceed by this Committee.

Māori impact statement

42. The importance of Iwi engagement in the potential incorporation of QE Square in the comprehensive development of the DSC block as well as determining future options for public civic space provision in the downtown area is understood.
43. Initial discussions have taken place with the co-ordinator of the Kaitiaki/ Iwi CRL forum over the use of this group which includes Ngāi Tai, Ngāti Whātua Ōrākei, Ngāti Tamaoho, Te Ākitai, Ngāti Paoa and Te Kawerau-ā-Maki to help shape the redevelopment of the DSC block and evaluate future options for QE Square. A hui will be arranged in the near future.
44. ACPL, as the body responsible for disposing council's strategic land assets, has an agreed approach to engaging with Auckland identified Iwi and Hapū groups. This process will be followed should a decision to proceed be made.
45. A partnership approach will be required with Ngāti Whātua Ōrākei over the relocation of Te Ahi Kaa Roa sculpture should it be affected by a decision to proceed with the disposal of part or all of QE Square.
46. It is recommended that the Te Aranga (cultural landscape) principles in the Auckland Design Manual be used in the design of all public realm associated with the proposed redevelopment and alternative new or enhance space identified.

Implementation

47. A decision to approve in principle the incorporation of part or all of QE Square within the comprehensive redevelopment of the DSC block in exchange for new or improved space/s of at least the same quantum and higher quality will trigger a number of internal and public processes involving AT, ACPL and council.
48. It is proposed that the provision of new public space/s under this arrangement would be cost neutral to council e.g. acquisition, design and construction costs be funded through the proceeds of selling some or all of QE Square.
49. A development agreement is being prepared for an integrated 'below ground' DSC/CRL development on the DSC block which will be subject to ACPL and AT Board approvals.
50. Staff will work through the options for alternative public civic space in the downtown area with the Parks, Recreation & Sport Committee and report back to the Auckland Development Committee in August 2014 for approval.

Attachments

There are no attachments for this report.

Signatories

Authors	Tim Watts - Manager Built Environment
Authorisers	Ludo Campbell-Reid - Environmental Strategy & Policy Manager Roger Blakeley - Chief Planning Officer Stephen Town - Chief Executive