



# Cabinet

AMENDED MINUTE  
CAB Min (12) 11/20

Copy No: 19

## Minute of Decision

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### Christchurch CBD Recovery

Portfolio: Canterbury Earthquake Recovery

On 2 April 2012, the Cabinet:

**Distribution:**

Prime Minister  
Deputy Prime Minister

#### Background

- 1 **noted** that Christchurch's Central Business District (CBD) has suffered serious damage in the earthquakes of 2010 and 2011;
- 2 **noted** the importance of the CBD for the recovery of greater Christchurch and for New Zealand's economic and social prosperity;
- 3 **noted** that it is important for New Zealand's prosperity and resilience that economic growth and risk are spread across the country;
- 4 **noted** that the government recognised the importance of greater Christchurch and its recovery through the creation of the Canterbury Earthquake Recovery Authority (CERA) and the passing of the Canterbury Earthquake Recovery Act 2011 (the CER Act);
- 5 **noted** that New Zealand now has an unprecedented opportunity to create a highly productive and innovative CBD in Christchurch;
- 6 **noted** that to date CERA, the Christchurch City Council (the CCC) and the Stronger Christchurch Infrastructure Rebuild Team have undertaken a range of activities in the CBD including demolition, permanent repair of infrastructure and assisting with restart projects;
- 7 **noted** that the initiatives referred to in paragraph 6 above are not sufficient to achieve an optimal and timely recovery of the CBD;

#### Draft Recovery Plan for the Central Business District

- 8 **noted** that the CER Act required the CCC to develop a draft Recovery Plan for the Central Business District;

- 9 **noted** that the draft Recovery Plan for the Central Business District was prepared during 2011 and provided to the Minister for Canterbury Earthquake Recovery for consideration in December 2011;
- 10 **noted** that the statutory effect of a recovery plan is on other statutory instruments including RMA documents and strategies under the Local Government Act 2002, although a recovery plan will also have moral suasion and provide a vision for the recovery;
- 11 **noted** that in reviewing the draft Recovery Plan for the CBD the Minister for Canterbury Earthquake Recovery considers that:
- 11.1 the vision and values set out in Volume 1 provide a solid foundation that will contribute to the recovery of the CBD;
  - 11.2 Volume 1 does not contain sufficient detail on how implementation will be undertaken;
  - 11.3 Volume 2 proposes changes to the operative District Plan in a manner that makes these provisions more complex and onerous;
  - 11.4 Volume 2 be withdrawn;
- 12 **noted** that the Minister for Canterbury Earthquake Recovery has directed CERA to report by 30 April 2012 on any amendments and withdrawals required to the draft CBD Recovery Plan;

#### Effective implementation of the CBD Recovery Plan

- 13 **noted** that international experience on redevelopment and recovery of cities following a disaster is that there is a three year window of opportunity to get the framework in place and establish momentum and confidence for recovery;
- 14 **noted** that international experience indicates that the following recovery functions are needed to be carried out and facilitated in Christchurch in a coordinated and concerted manner:
- 14.1 collation of key information;
  - 14.2 development of blueprints;
  - 14.3 streamlining of consent processes;
  - 14.4 land amalgamation;
  - 14.5 development promotion;
  - 14.6 investment promotion and attraction;
  - 14.7 Withheld under section 9(2)(i) Withheld under section 9(2)(i)
  - 14.8 scheduling for construction coordination/management;
- 15 **noted** that four options for the delivery of the functions outlined in paragraph 14 above include either:

- 15.1 mandating CERA as the delivery entity to lead and facilitate the redevelopment of Christchurch's central city;
- 15.2 setting up a Crown owned company;
- 15.3 allowing a responsible entity as defined under the CER Act;
- 15.4 allowing a private company;
- 16 **agreed** to mandate CERA as the delivery entity to lead and facilitate the recovery of Christchurch's CBD as defined in the CER Act;
- 17 **noted** that the Minister for Canterbury Earthquake Recovery has directed the Chief Executive of CERA to provide him with advice on setting up an Advisory Panel to provide advice to CERA on the redevelopment of the CBD, its makeup and terms of reference;
- 18 **noted** that the Minister for Canterbury Earthquake Recovery intends to direct the Chief Executive of CERA to exercise powers under the CER Act to promote recovery in the CBD consistent with the functions described above;
- 19 **noted** that a key priority is to prepare a blueprint for the redevelopment of the CBD, which will identify anchor projects within the CBD;
- 20 **noted** that anchor projects will be publically and privately funded but those that are seeking public funding will require an appropriation, and will depend on the strength of the business case;
- 21 **directed** CERA to inform investors and applicants that the CDB Recovery Plan will include a redevelopment blueprint and development rules that once in place will expedite and prioritise resource consenting processes for the CBD;
- 22 **directed** CERA to inform the CCC that CERA must be notified of all resource consent applications relating to the CBD until the CBD Recovery Plan is authorised by the Minister for Canterbury Earthquake Recovery;

**Financial implications**

- 23 **noted** that there will be a need for additional resources and capability for CERA, requiring an increase in CERA's current appropriation;
- 24 **agreed** to the following increase in appropriations to cover shortfalls in CERA's funding, with a corresponding impact on the operating balance:

	\$m - increase/(decrease)				
	2011/12	2012/13	2013/14	2014/15	2015/16
<b>Vote Canterbury Earthquake Recovery</b> Minister for Canterbury Earthquake Recovery					
Departmental Output expense: Managing the recovery	4 240	7 028	7 366	7 626	7 894
<b>Total</b>	<b>4.240</b>	<b>7.028</b>	<b>7.366</b>	<b>7.626</b>	<b>7.894</b>

- 25 **agreed** that the changes to appropriations for 2011/12 above be included in the Supplementary Estimates, and that, in the interim, the increase be met from Imprest Supply;
- 26 **agreed** that the changes in appropriations be met from the Canterbury Earthquake Recovery Fund established as part of Budget 2011;
- 27 **authorised** the Minister for Canterbury Earthquake Recovery and the Minister of Finance jointly to transfer any underspend in the Departmental appropriations referred to above from 2011/12 to 2012/13, with the final amount to be transferred being confirmed as part of the October Baseline Update following the presentation of CERA's 2011/12 audited financial statements;
- 28 **directed** CERA to report to the Cabinet Committee on Canterbury Earthquake Recovery with further advice to support anchor projects, including financial implications, as required.

Secretary of the Cabinet

Reference: CAB (12) 128

*Secretary's Note: An amended minute has been issued to include the year of the appropriation change in paragraph 25.*

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Released by the Minister for Canterbury Earthquake Recovery

## Office of the Minister for Canterbury Earthquake Recovery

## Cabinet Committee for Canterbury Earthquake Recovery

**CHRISTCHURCH CBD RECOVERY****Proposal**

1. This paper proposes mandating CERA to lead and promote the recovery of the Christchurch Central Business District (CBD), and outlines the approach I intend to take to the amendment and approval of the draft Recovery Plan for the CBD.

**Executive Summary**

2. Following the devastation of the 2010 and 2011 earthquakes in Canterbury, New Zealand has an unprecedented opportunity to create a highly productive and innovative CBD that attracts new capital to position Christchurch as a much more competitive city for the 21st century.
3. International experience suggests there are common stages in the recovery of cities following a disaster, from initial emergency response to reconstruction. Full recovery takes decades, but it is generally agreed that there is a three-year window of opportunity to get the framework in place, and establish momentum and confidence.
4. Under existing arrangements, the physical, economic, social and cultural recovery of the CBD is unlikely to occur in a timely, effective and efficient manner. This is due to significant levels of uncertainty, fragmented land ownership, excessive land availability, and investors, tenants and retailers unwilling to lead re-establishment of the CBD. In addition, the existing district plan is weak with regard to cohesive, comprehensive redevelopment and built form having been developed in a pre-quake context.
5. The Canterbury Earthquake Recovery Act 2011 (CER Act) required the Christchurch City Council (CCC) to develop a draft Recovery Plan for the CBD (draft Recovery Plan). The draft Recovery Plan is in two volumes. Volume 1 sets out the proposed vision and contains 71 projects prioritised over a number of years, up until 2032. Volume 2 outlines proposed changes to the operative Christchurch City District Plan (made under the Resource Management Act 1991 (RMA)).
6. The vision and the five key changes identified in the draft CBD Recovery Plan have widespread community support and should form the basis for the redevelopment of the CBD. It is my intention, therefore, to approve an amended Recovery Plan for the CBD which retains the community vision articulated in Volume 1. In addition Volume 1 would signal the development of a redevelopment blueprint for the CBD.

<sup>1</sup> The Canterbury Earthquake Recovery Act refers to the CBD rather than the "central city". The CBD is defined as "the area bounded by the 4 avenues that are Bealey Avenue, Fitzgerald Avenue, Moorhouse Avenue, and Deans Avenue; and Harper Avenue". This means that the CBD includes Hagley Park as well as inner-city residential areas. In this memorandum, "CBD" refers to the whole area, while the "core CBD" refers to the main commercial district.

7. Volume 2 of the draft Recovery Plan will be withdrawn as I consider it premature to approve it prior to the development of the blueprint. Should the operative District Plan require change, I have powers under the CER Act which enable this.
8. It is my intention to impose a short-term 90 day 'moratorium' on resource consents within the CBD while a blueprint is developed.
9. International evidence suggests that, where redevelopment and reinvestment of the scale faced in Christchurch are required, specific recovery functions need to be carried out and/or facilitated in a coordinated and concerted manner.
  - 9.1. Preparation of a redevelopment blueprint (a layout for the whole CBD that identifies the location of anchor projects such as public facilities and buildings, activity areas, and strategic city blocks)
  - 9.2. Streamlining of consent processes
  - 9.3. Land amalgamation
  - 9.4. Development promotion
  - 9.5. Investment promotion and attraction
  - 9.6. Withheld under section 9(2)(i)      Withheld under section 9(2)(j)
  - 9.7. Scheduling and coordination of construction
10. All these functions need to be supported by the ability to obtain the relevant information from the many stakeholders involved in recovery.
11. In almost all the international examples, an agency was charged with responsibility for promoting redevelopment. I consider that an entity needs to be mandated to undertake this role in greater Christchurch, focusing on the CBD in the first instance, because existing roles and activities will not be sufficient to facilitate an optimal and timely recovery. There is a need for more coordination, and other interventions to build market certainty and confidence. The extent to which the functions listed above will need to be carried out by the entity will vary depending on the area, the type of project, and the outcomes sought.
12. Having considered other options for an entity to deliver recovery of the CBD (a Crown-owned company, a private company, or existing responsible entities (local authorities and council-controlled organisations)) it is my intention to direct the Chief Executive of CERA to exercise powers provided under the CER Act to ensure focussed, timely and expedited recovery. The first task will be to produce the CBD blueprint.
13. The preparation of the blueprint and assessment of anchor projects will be done in consultation with the strategic partners, with a high expectation that due to the skills and experience of CCC in developing the CBD Recovery Plan and subsequent effort, CCC staff will form part of the core project team within CERA. Working collaboratively with strategic partners (Christchurch City Council, Selwyn and Waimakariri District Councils, Environment Canterbury and Te Rūnanga ō Ngai Tahu) and with government departments will be a key component of this initiative. Consideration will need to be given as to how the community will be involved in the preparation of the blueprint and the ongoing work of CERA in this new area of focus for the organisation.

14. Preliminary estimates of one-off set-up cost are in the range of \$0.7m, initial operating expenses of \$3.54m and annual departmental costs of approximately \$7m. Further work is required to validate these numbers. As work is progressing now on the amendment to the CBD plan and needs to commence on the blueprint, additional appropriation is required.

**Background**

15. Under the CER Act, the overall vision and goals for the recovery of greater Christchurch are established through the Recovery Strategy. The Strategy identifies a number of recovery programmes, which will coordinate activities relating to social, cultural and economic recovery, and the built and natural environment. The CER Act also provides for Recovery Plans to be developed as one method of planning for the more detailed recovery work relating to any social, economic, cultural or environmental matter, or any particular infrastructure, work or activity. These Plans cannot be inconsistent with the Recovery Strategy. The draft CBD Recovery Plan is the only such Plan that the CER Act specifically requires to be developed.
16. Both the Recovery Strategy and Recovery Plans are statutory documents that must be read together with, and form part of, a range of instruments relating to greater Christchurch<sup>2</sup> under the Local Government Act 2002 (LGA), Resource Management Act 1991 (RMA), Land Transport Management Act 2003 (LTMA), Public Transport Management Act 2008 (PTMA), Conservation Act 1987, Reserves Act 1977 and Wildlife Act 1953: see Table 1.

Resource Management Act 1991	Local Government Act 2002	Land Transport Management Act 2003 Public Transport Management Act 2008	Conservation Act 1987 Reserves Act 1977 Wildlife Act 1953
Regional Policy Statement Regional Plans District Plans	Annual Plans Long Term Plans Triennial Agreements	Regional Land Transport Strategies Regional land transport programmes Regional public transport plans	General policies Conservation management strategies Conservation management plans Management plans

**Table 1. Planning documents and instruments that the Recovery Strategy and Recovery Plans will be read together with and form part of (sections 15, 23 and 26 of CER Act).**

17. Further, in relation to Recovery Plans, the CER Act provides that a person exercising functions under the RMA must not make a decision or recommendation under the RMA that is inconsistent with a Recovery Plan. This applies to resource consent applications, notices of requirement for designations, and changes to RMA documents. A Recovery Plan can also require that specific objectives, policies, and methods (including rules) are included or removed from RMA documents, or that provisions are added or deleted from other documents identified in the above table.

<sup>2</sup> Under the CER Act, the application of the Strategy is limited to the greater Christchurch area, comprising Christchurch City, Selwyn District and Waimakariri District and including the coastal marine areas adjacent to these areas.

18. The legal effect of a Recovery Plan is, therefore, on other statutory instruments although it can provide more general guidance and moral suasion. Recovery Plans should provide a strong basis for assuring coordination of all related and supporting Crown activities, especially in relation to education, health, environment, economic development and the justice sector.
19. The CER Act also contains a number of other powers including compulsory acquisition of land, amalgamation of "titles", changes to RMA documents through public notice, the ability to request information, and powers of Ministerial direction. Through the use of the Order in Council power, changes can be made to most legislation. Some of these powers have not yet been used, but it was recognised when the Act was passed that they might be necessary to promote or facilitate recovery.

### Why is government intervention needed in the CBD?

20. Christchurch's CBD has suffered serious damage:
  - 20.1. of the 1936 commercial buildings within the CBD, approximately 600 will be demolished;
  - 20.2. the remaining buildings will be scattered across a large land area (excluding Hagley Park) with close to 3000 different ownerships;
  - 20.3. much of the historic fabric has been lost, as have key facilities such as the Convention Centre, a significant proportion of the hotel capacity, and sports and recreation facilities; and
  - 20.4. parts of the central city's horizontal infrastructure (roads, water, storm water, sewerage, telecommunications and electricity) appear to be more badly damaged than was first thought, although full assessments are still to be completed.
21. To date, CERA has undertaken demolition, maintained and reduced the cordon, and assisted with the Cashel Mall restart and other potential projects. CCC has worked alongside CERA on these matters, has commissioned geotechnical analysis of the CBD area, and is looking at ways to facilitate redevelopment, including a "one-stop shop" for consenting, and case management of development proposals. The Stronger Christchurch Infrastructure Rebuild Team (SCIRT) is responsible for the permanent repair and replacement of water and roading infrastructure within the CBD.
22. These initiatives by CERA, CCC and SCIRT are not sufficient to achieve an optimal and timely recovery of the CBD.

### Why will the market not deliver recovery of the CBD under current conditions?

23. The central city area has been in slow decline for many years and this has resulted in the inefficient use of real estate and ad-hoc, poor quality development. There are a number of reasons for this, including:
  - 23.1. The extent of the central area that has been used for business activities has become too large for the city's population and the number of employees and businesses working in the central area, and in recent years there has been a



relatively low level of residential use in the centre. This has diluted the economic and social vibrancy of the city.

- 23.2. In common with many cities around the world, as Christchurch's urban area has expanded and satellite centres including retail malls have grown, there has been a consequent reduced demand for inner-city business and retail space.
- 23.3. The older office buildings within the CBD no longer met the needs of modern businesses, resulting in a degree of migration to newer developments in city-fringe locations.
24. While there is clear demand for commercial space in the CBD, this is insufficient to develop all of the available bare land.
- 24.1. CERA has conducted research to identify demand for a new CBD. The results of this work demonstrate demand for a total of approximately 266,000 m<sup>2</sup> of offices (out of a pre-quake total of 446,000 m<sup>2</sup>) in the central city area. This demand reduces to about 105,000 m<sup>2</sup> for new, higher rent office space. If built to the standards suggested in the draft CBD Recovery Plan, this new space would occupy only a small part of the bare land.
- 24.2. Demand for retail space will follow the population: many retailers will wait until there is a clear market and customer catchment in the CBD before re-establishing or investing.
25. Low demand will make the remaining areas of bare land in the central city area unattractive to developers and investors, and land values will fall. Under these circumstances there is a risk that urban decline will set in, resulting in long term economic and physical degeneration across significant parts of the central city area.
26. There are multiple land ownerships and a wide range of lot sizes within the CBD, and many owners lack the resources, expertise, or appetite for risk to undertake land assembly and redevelopment. This means that it is difficult to undertake development at a variety of scales sought by the market, and in particular, larger-scale developments that could gain from efficiencies and support multiple tenancies. There is little evidence of landowners consolidating their land holdings to create larger-scale projects.
27. The existing district plan is weak with regard to cohesive, comprehensive redevelopment and built form having been developed in a pre-quake context. In effect established planning frameworks are not appropriate to respond to radical and unanticipated levels of change.
28. The draft CBD Recovery Plan articulates well a vision and the desired outcomes for the central city (Volume 1). The draft CBD Recovery Plan contains general provisions guiding implementation though does not extend to specifying details such as the locations for anchor projects (including public buildings and facilities). I consider that more detail will be required to create enough certainty to inform development or investment proposals.
29. The draft CBD Recovery Plan also does not enable a coordinated approach to be taken to redevelopment. There is a risk that any substantial reconstruction occurring before the location of anchor projects is determined may preclude the optimum use of these development triggers. Reconstruction within the central area will optimally be undertaken so that at least the first works are of sufficient extent that the change is

registered by the market, and can therefore catalyse change in the surrounding areas, including attracting new retail development. Sporadic, dispersed and uncoordinated reconstruction will not create the critical mass to achieve this.

30. Maintaining control of development phasing across the whole of the central area is also important, but will be problematic given its extent. Without control of phasing, unmoderated development activity would:
  - 30.1. Drive increased construction costs through demand-pull inflation.
  - 30.2. Create logistical problems in the supply and deployment of plant, labour and materials.
  - 30.3. Make planning for infrastructure repair and rebuilding more difficult.
  - 30.4. Result in incremental low quality developments
  - 30.5. Result in lingering uncertainty and sporadic development.
  - 30.6. Potentially prolong the recovery, as uncoordinated construction will lead to delays in completing projects.

#### **What would successful recovery of the CBD look like?**

31. Intervention in the redevelopment of the CBD, including through the amended Recovery Plan, should aim to address economic, social, cultural, and environmental recovery goals, as well as pre-existing issues such as commercial decline, in an efficient way. Redevelopment should:
  - 31.1. give Christchurch a commercial, cultural and social heart that is dynamic, distinctive and resilient;
  - 31.2. strengthen the city's role as the central point for commerce, health, tertiary education and tourism in the South Island;
  - 31.3. create a new and enduring identity and heritage for Christchurch with regard to the look and feel of the city, and the activities that occur in the city centre;
  - 31.4. develop civic assets and facilities that are important for the recovery of greater Christchurch and complement those in other cities;
  - 31.5. provide improved infrastructure, including high-speed broadband and transport networks;
  - 31.6. consolidate the central city and improve access, layout and built form;
  - 31.7. provide for residential development within the central city to meet demand for housing, make use of brownfield sites, provide live-work options, create a higher level of activity and vibrancy to support business growth; and
  - 31.8. improve amenities, including increasing open space, to help attract residents, businesses, and visitors.
32. Recovery efforts must aim to build confidence in Christchurch, and so retain and attract people, businesses and investment. Based on international experience (see below), Christchurch has only another two years to establish the planning framework,

achieve significant visible progress on anchor projects, and create investment and community confidence. In addition, this two-year period is consistent with current short lease commitments that the majority of large displaced tenants have. Therefore, there is an urgent need for significant visible progress in the next year.

### **Strategic Significance of Christchurch and the CBD**

33. By establishing CERA and the CER Act, government has already acknowledged the importance of greater Christchurch to New Zealand. The New Zealand economy needs Canterbury and Christchurch to be a prosperous, productive platform of its growth strategy. The region offers a range of economic drivers that are well-placed to meet this need (see Attachment A). These include:
  - 33.1. strong growth in the agriculture, forestry and fishing sectors, with the potential to significantly increase agricultural productivity through increased irrigation over the next two decades;
  - 33.2. Lyttelton Port: the largest deep-sea port and trade gateway in the South Island;
  - 33.3. knowledge-intensive manufacturing and technology firms;
  - 33.4. two universities, seven Crown Research Institutes, and a large acute tertiary hospital which is also the clinical base for the Otago School of Medicine;
  - 33.5. a 24-hour airport which is New Zealand's second hub for international air services;
  - 33.6. Christchurch's place as the tourism gateway for the South Island.
34. It is also important for New Zealand's social, economic and commercial resilience that economic growth and risk are spread across the country.
35. It is therefore essential that New Zealand maintains its resilience and prosperity through reinvestment in Christchurch. This is reflected in the purposes of the CER Act.
36. Cities are important attractors of the resources, people, capital and ideas required to support growth and prosperity. Christchurch will need to recover to retain its competitiveness on the international stage and attract and retain talent, investment and resources. How well the recovery is effected will impact on how New Zealand is perceived more broadly as an investable risk.
37. Although the CER Act requires a Recovery Plan for the CBD it gives no indication of its content or why recovery is needed. In my view providing for the recovery of the CBD is essential. CBDs provide agglomeration benefits to businesses and to the economy as a whole, and offer a range of social, cultural and other recreational activities that are essential in making a city attractive to both residents and visitors.
38. Above all, New Zealand has an unprecedented opportunity to create a highly productive and innovative CBD that attracts new capital and would position Christchurch as a much more competitive city for the 21st century.
39. Christchurch's residents and businesses are suffering the negative effects of functioning without a CBD. These include:

- 39.1. the inefficiencies of having businesses displaced to suburban centres, resulting in the loss of agglomeration benefits;
  - 39.2. businesses operating out of unsuitable, multiple and/or dispersed premises;
  - 39.3. the loss of focus for social, cultural, recreational, shopping and employment activities, some of which have relocated to dispersed suburban centres while others have ceased operating;
  - 39.4. the loss of visitor numbers as 60 percent of Christchurch's hotel beds have been lost and many of the city's historic visitor attractions are either destroyed or inaccessible; and
  - 39.5. damage to infrastructure networks resulting in pressures and distortions on key networks such as transport, electricity and education.
40. Although the city has continued to function in the short term, beyond this there is a risk that businesses and residents will leave Christchurch, that capital may be reinvested elsewhere and that Christchurch's contribution to national prosperity and resilience will decline.

#### **Should the CBD be rebuilt elsewhere?**

- 41. There have been suggestions that an alternative location should be considered for the CBD, due to geotechnical conditions.
- 42. Geotechnical investigation indicates variable soil conditions across the CBD, and therefore development of any type would require site-specific geotechnical investigations to be carried out to determine the appropriate foundation design. There are particular issues along the Avon River due to the risk of lateral spread. Essentially, the same geotechnical conditions and, therefore, the same foundation requirements, would also apply over much of central Christchurch, extending west as far as the airport.
- 43. In addition:
  - 43.1. Although the damage to the CBD has been substantial, there is significant residual value in the land, infrastructure and remaining buildings (including hotels). This value would be significantly devalued if the CBD were to be re-established elsewhere.
  - 43.2. Relocating the CBD would have a significant impact on Christchurch's predominantly radial transport network, which has developed to enable travel to and from the city centre.
  - 43.3. There would be substantial time and cost in re-establishing new buildings and infrastructure, including transport networks, elsewhere.
- 44. Based on advice to date, there is no strong geotechnical rationale for relocating the CBD. Economic and community considerations favour retaining the existing location.

## What needs to be done to achieve recovery of the CBD?

### Research of international examples

45. International experience suggests there are common stages in the recovery of cities following a disaster, from initial emergency response to reconstruction. Full recovery takes decades, but it is generally agreed that there is a three-year window of opportunity to get the framework in place and establish momentum and confidence. This is heavily reliant on good leadership and coordination, and early intervention to provide certainty, build confidence, and attract private investment.
46. The following key themes were identified in comprehensive regeneration and reconstruction of urban areas:
- 46.1. A significant level of government intervention has been a characteristic of the more successful international precedents. In almost all cases, an agency was charged with responsibility for development.
  - 46.2. There was a clearly-defined, and shared, vision for recovery/redevelopment.
  - 46.3. Public funding for anchor projects, public space and amenities, and infrastructure in the early recovery phase (the first five years) has also been a major feature of successful recovery efforts.
  - 46.4. The ability to consolidate land was critical in creating viable sites.
  - 46.5. Good leadership and co-ordination proved critical to providing a compelling vision and effective and timely delivery. This relies on the ability to obtain and provide good quality information in a timely manner.
  - 46.6. Recovery and development agencies were able to:
    - control the spatial development framework via “masterplanning”;
    - achieve fast and coordinated regulatory approvals;
    - exercise ownership powers where necessary;
    - ensure the provision of infrastructure;
    - own land, or influence development outcomes through capital, or ownership;
    - attract private sector funding; and
    - secure design and build quality through design controls and/or procurement strategies.
  - 46.7. There was a high level of engagement with public and private stakeholders.
  - 46.8. There was continued investment, direction and monitoring over time.
47. There are also cases—notably New Orleans—where intended recovery or redevelopment outcomes did not occur. The public sector organisations involved did not have the necessary powers and failed to provide clear leadership or coordination. Private and public engagement was low to non-existent, and there was no clear

vision or masterplan. Recovery was therefore largely left to the private sector which did not have the control or powers needed to achieve recovery, so the speed and pace of recovery was slow and uncertain.

### Draft CBD Recovery Plan

48. The draft CBD Recovery Plan is in two volumes, accompanied by various technical reports and background information. Volume 1 sets out the proposed vision for the CBD and is largely project-based. It lists 71 projects, prioritised over a number of years, up to 2032. The associated project summaries identify proposed funding sources, eg local or central government and/or private sector. Volume 2 outlines proposed changes to the operative Christchurch City District Plan.
49. The vision set out in Volume 1 is that Christchurch's earthquake damaged central city will be rebuilt to be a strong, resilient, vibrant and prosperous 21<sup>st</sup>-century city. This vision was developed via extensive community consultation, as articulated through themes, such as a green and distinctive city. The community identified five key changes as critical to ensuring the vision is achieved. These are:
- 49.1. A greener city, with a wider and upgraded Avon River corridor, a greener Cathedral Square, new street trees, green-rated buildings, rain gardens, surface stormwater treatment, and a new network of neighbourhood parks.
  - 49.2. A stronger, more distinctive built identity, with lower-rise development, sustainable buildings that look good and function well, supported by urban design input and the retention of remaining heritage.
  - 49.3. A more compact CBD, supported by business incentives, new regulation, well-designed streetscapes, and a redeveloped convention centre.
  - 49.4. Increased residential options within the four avenues, supported by schools, and social, cultural and recreational facilities.
  - 49.5. Improved transport accessibility, including walking and cycling paths, high-quality public transport, short-term free parking, two way streets, and a ring road around the avenues.
50. This vision has wide community support, and qualified support from businesses and commercial property owners—largely due to concerns about the realities of implementing it, and in some cases, concern about the introduction of new rules in Volume 2. I consider that the vision for the CBD in the draft Recovery Plan is a solid foundation for the recovery and redevelopment of the CBD.
51. There are key gaps relating to implementation of the Plan—including the case for reinvestment, the availability of funding, and coordination with external agencies—and there is a need for feasibility studies and further assessment in some areas. In part the lack of clarity about how the Plan would be implemented is due to the fact that CCC lacks the powers and resources necessary to lead the recovery of the CBD. Further central government support and intervention will be required to give effect to the vision set out in the draft CBD Recovery Plan.
52. I consider that the draft Volume 2 (which contains redrafted RMA objectives, policies and rules) is too onerous and complex. In particular, I am concerned that Volume 2 removes any scope for permitted activities, due to the introduction of lengthy assessment criteria for urban design. Volume 2 retains the existing consenting

approach of case-by-case decision-making, posing the risk of sporadic, un-coordinated development.

53. CERA has proposed five options to assist my decision-making (see Attachment B). At this stage, I favour Option 3, which amends Volume 1 and withdraws Volume 2.

53.1. Option 1: Withdraw the draft Recovery Plan in total.

53.2. Option 2: Start again: withdraw the draft Recovery Plan and direct CERA and the CCC (or some other agency) to develop a new recovery plan for the CBD.

53.3. Option 3: Approve an amended version of the draft Recovery Plan, withdrawing some parts of the draft Plan.

53.4. Option 4: Delay the decision.

53.5. Option 5: Approve the draft Plan with no amendments.

54. Under Option 3, the draft CBD Recovery Plan will continue to provide the vision for the CBD, and will form the starting point for preparing the CBD redevelopment blueprint. The draft Recovery Plan will build on the five key "changes" that the community identified as critical to achieving the vision. It may also include the methodology CERA will use for identifying "anchor projects" (see paragraphs 78-80 below).

55. The overall direction of, and outcomes sought in, Volume 1 of the draft Recovery Plan will be retained. I am, however, considering removing the following elements:

55.1. Projects that do not meet the definition of recovery in the CER Act or are inconsistent with the Recovery Strategy.

55.2. References to funding. The cost to implement the draft Recovery Plan is estimated at \$2 billion. (This is because the projects have not yet been fully scoped nor the context and cost of a wider recovery programme considered).

55.3. Transport-related projects. Further modelling is needed for these, as many projects have the potential for network impact beyond the CBD, and need to be considered as part of the broader Land, Building and Infrastructure Recovery Programme.

55.4. Projects that better fit within other recovery programmes or have scope beyond the CBD, such as Light Rail.

55.5. Projects that could be considered expeditiously under other legislation or processes or are CCC or central government processes or responsibilities that do not need to be in a recovery plan.

56. I have directed my CERA officials to advise me by 30 April on any amendments and withdrawals required to the draft CBD Recovery Plan to support my decision-making.

#### **What will be needed to promote the recovery of the CBD?**

57. The Recovery Strategy and the Draft CBD Recovery Plan provide the broad vision for the future CBD and its role in greater Christchurch's recovery. Establishing a shared vision is a key first step in the recovery process. In most overseas examples, however—whether the need arises from disaster recovery or urban renewal—large-

scale redevelopment has required a range of interventions to be carried out in a coordinated and concerted manner. Some form of development agency has generally been established to undertake these functions.

58. I consider that in order for the necessary recovery functions to be undertaken in Christchurch, an entity will need to be established or mandated. This entity would need to have the capability to undertake the functions outlined below, although the extent to which these various functions would need to be applied would vary depending on the area, the type of project, and the outcomes sought. The functions used will be tailored to meet the needs of individual projects.
59. The underlying principle is that the government should do enough to successfully kick-start the market and build confidence and momentum, by providing the right conditions for reinvestment. To this end, I consider that there are three key actions that need to be undertaken initially:
- 59.1. an entity needs to be mandated to facilitate and promote redevelopment of the CBD,
  - 59.2. a redevelopment blueprint as outlined below needs to be prepared as soon as possible to provide certainty, and
  - 59.3. anchor projects identified in the blueprint need to get underway.
60. The entity will monitor and provide me with advice on the progress of recovery and any further intervention that may be required in the future.
61. The initial focus of the entity would be on the core CBD and anchor projects. Subsequent years could see the focus extended to the rest of the central city and greater Christchurch generally, if needed. Given this potential wider use of CER Act powers, I consider that it would be inappropriate to provide the mandate for the entity through the CBD Recovery Plan.

**TRANSLATION OF THE VISION FOR THE CBD PROVIDED BY THE DRAFT CBD RECOVERY PLAN INTO A REDEVELOPMENT BLUEPRINT**

62. The redevelopment blueprint would comprise a series of design phases, initially focusing on several strategic anchor projects, and overall land use zoning for the CBD, based on the work contained in the draft CBD Recovery Plan. This will give a level of certainty to the development market and provide a level of stimulus to catalyse private sector investment and development. I anticipate that this phase of work will be completed within 90 days. Subsequent phases of design work will evolve the blueprint to cover the remainder of the CBD and other anchor projects.
63. The work to create the blueprint will be undertaken or commissioned by the development entity, in close collaboration with the CCC, key land-owners and other stakeholders, drawing on existing information and work done to date. The redevelopment blueprint does not have a statutory base. To legally give it effect, changes can be made to the CBD Recovery Plan and/or the CCC's district plan, using powers under the CER Act.
64. With the overall blueprint established, block level plans could be developed as necessary. These would provide greater detail on how each block would be laid out, including quality urban and building design provisions, adjacent block uses, building footprints, ownerships/tenancies, heights, circulation and parking for vehicles, open spaces and lanes. The entity may not need to undertake these block plans: many



could be led (and funded) by local groups and owner associations, and the engagement of different design teams would ensure that the resultant built form would not be too homogenous. The entity would, however, maintain a watching brief to ensure design consistency with the overall blueprint.

#### STREAMLINING OF CONSENT PROCESSES.

65. Protracted and uncertain Resource Management Act and Building Act approval processes will hinder redevelopment. It will therefore be important to provide not only an efficient planning framework but also streamlined and accelerated Resource Management Act and Building Act approval processes, especially for anchor projects and key city blocks. Note that some work is being undertaken on streamlining these processes.
66. The entity would not take over consent approvals, but would monitor consent processes to identify whether any action is needed to facilitate the consenting process. The entity might recommend changes to the district plan which could be made by the Minister under the CER Act. This could provide for spot zoning so that projects complying with the rules will be either permitted or subject to limited conditions.

#### LAND AMALGAMATION

67. In many parts of the CBD, land amalgamation will be required to create viable development sites that are attractive to larger developers and investors. In some cases amalgamation will occur as a result of collaborative development proposals assembled by land owners, but in other cases a central body will be needed to facilitate amalgamation.
68. Models for amalgamation would need to be developed, but could include:
  - 68.1. Corporatisation: For a whole block, precinct, or part, create a new corporate into which each owner transfers their land and in consideration takes a pro-rata shareholding. The corporate then either directly develops the land or sells parts or the whole to others for development. Upon completion of the development the corporation would either hold the assets or sell-down to a fund or other investor.
  - 68.2. Communal Bidding. For a whole block, precinct, or part, current owners agree upon a masterplan scheme and new title configuration using voting rights pro-rata to current ownership. Owners then bid / barter for new properties using values of current properties plus top-up or sell-down. Development is then carried out by existing owners on the new land or sold to a third party developer(s).
  - 68.3. Straight Sale. For a whole block, precinct, or part, current owners sell their land (plus buildings where they exist) to a third party which would amalgamate to suit its development interests.
69. In some circumstances, compulsory acquisition would be needed, for example where land is required for projects, or where owners hold out against an amalgamation proposal in the hope of securing enhanced returns. Where this is required Cabinet agreement will be sought to set-up a separate appropriation.

DEVELOPMENT PROMOTION

- 70. In some parts of the CBD development will be hindered by the inability of land owners to create viable development proposals – for example, because they do not have the capability to do so, or because the land area they own is too small. In these cases a necessary function will be to facilitate development proposals, including potential title amalgamations, to enable realistic and viable development to take place.

INVESTMENT PROMOTION AND ATTRACTION

- 71. Access to development funding (for example, short-term or mezzanine debt) will be challenging as banks are cautious and the development finance and second-tier lending market has all but dried up under the current risk profile. Traditional lending markets are reluctant to lend where there is uncertainty – a perceived lack of tenants, uncertain land values, and untested consumer markets. Even where capital is available this will probably come at a price with lower LVRs and higher interest rates.
- 72. Some local investment will occur, particularly from Cantabrian property investors, under the current risk profile. However, this is unlikely to have sufficient capability or capacity to participate in larger-scale developments or complex funding structures. A key function is to attract other funding from further afield in NZ or overseas. An important part of this will be targeting promotion to interested investors and matching investment opportunity with investment appetite. Typical targets would be sovereign and institutional funds (domestic or international), private funds, larger developers and private investors.
- 73. The funding and operating models that are appropriate to individual projects will vary depending on factors such as segment, project type, and investor type.

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SCHEDULING AND COORDINATION OF CONSTRUCTION

- 75. Reconstruction within the CBD will need to be phased so that development and subsequent occupancy and use follow a progressive pattern. Sporadic development

Released by the Minister for Canterbury Regional Development

Withheld under section 9(2)(d)

Withheld under section 9(2)(i)

Withheld under section 9(2)(i)

will not deliver the intensity of occupancy and use necessary to stimulate effective economic regeneration, and will result in a city that resembles a construction site for many years.

76. CERA's recent survey of potential CBD tenants indicated that a major impediment to tenants returning to the CBD was that they did not want to go back into a construction zone with excessive noise, disruption and lack of amenities for staff. A master programme must therefore be developed in parallel with the blueprint, plotting timescales for works such as utilities, lanes, car parking buildings, anchor projects, and private sector reconstruction works.
77. Phasing and coordination of construction activity would minimise the problems identified in paragraph 25, and lead to productivity improvements that would make a meaningful contribution to economic growth. Based on past experience, substantial productivity gains are achievable where significant construction programmes are managed in a coordinated manner. There is also the opportunity to use vacant land between the core CBD and the four avenues for materials consolidation centres and worker accommodation.

#### ANCHOR PROJECTS

78. Anchor projects are special projects or special areas for which there will be a focussed planning, design and commercialisation process, to catalyse change in the city. They may be public (eg a stadium or convention centre) or private (eg commercial blocks, or a significant residential development) and either a single function/one large site project, or a group of functions on multiple adjacent sites. Anchor projects will not necessarily be publicly funded, but those that are seeking government funding will require a separate appropriation and a Better Business Case where appropriate.
79. As part of preparing a redevelopment blueprint, anchor projects and their location should be determined. These projects will need to be considered in an integrated manner in order to catalyse the desired redevelopment across the CBD. A description of anchor projects and criteria for assessing their location is provided in Attachment C.
80. Depending on the nature of the project or area, varying levels of intervention across the functions listed above will be required. For example, large-scale projects may require land amalgamation including compulsory acquisition, while other projects may simply be supported by site confirmation in the blueprint.

#### POSSIBLE BROAD PUBLIC FUNDING IMPLICATIONS

81. Research indicates that public funding is a factor in building confidence in recovery and has a key role in stimulating private sector investment. In Christchurch this would include funding for the preparation of a blueprint and for development and investment promotion,

81.1.

Withheld under section 9(2)(f)(iv)

Withheld under section 9(2)(g)(i)

81.2

81.3.

82. Withheld under section 9(2)(f)(iv) Withheld under section 9(2)(g)(i)

### Options for the entity

83. Four options have been identified for the entity: CERA, a Crown-owned company, a council-controlled organisation, and a private company and are discussed in more detail below.

#### CERA

84. The Minister and the Chief Executive of CERA have very broad and extensive powers under the Canterbury Earthquake Recovery Act 2011 and facilitation of the recovery is an important purpose for CERA under the Act. Under this option, it is envisaged that CERA would be given a clear direction to use its powers and resources in an appropriate manner (perhaps utilising a dedicated and branded unit within CERA).
85. CERA's powers expire on <sup>18</sup>16 April 2016. The role of a development entity is to kick-start recovery rather than continue indefinitely. It is appropriate and beneficial that CERA's role be reviewed before 2016 to assess whether the function should continue, and, to the extent that it is still needed, whether the functions can be carried out by other organisations.
86. If public funding or participation is required for a specific project, a separate entity, such as a Crown-owned company, could be established for that purpose.
87. The advantages of this option are:
- 87.1. CERA already has the legal functions and powers necessary for the role. It can commence as soon as directed and internal organisation, resources and financial arrangements are put in place.
- 87.2. The unit would benefit from CERA's broader functions (including the economic recovery programme), institutional knowledge, and established relationships and networks.
88. The disadvantages of this option are:
- 88.1. To the extent that private funding or participation may be required in particular development projects, CERA as a Government department may not be an appropriate entity.
- 88.2. CERA does not currently have the resources to carry out the functions identified.

#### SEPARATE CROWN-OWNED COMPANY

89. The Crown could incorporate a company which would bring an independent governance and management structure. It would not have any statutory powers. CERA would need to carry out those functions which require exercise of statutory powers. The company would be highly intertwined with CERA and could include significant CERA representation at board and management level.

90. The advantages of this option are:

- 90.1. A company is better able to participate in specific development projects.
- 90.2. As a more commercial entity, separate from CERA, it may have more credibility with the private sector.

91. The disadvantages of this option are:

- 91.1. Any apparent benefit gained by a separate entity would be outweighed by its lack of statutory power to make decisions on matters such as development blueprints, consent approval processes or compulsory amalgamation of land.
- 91.2. As CERA would need to exercise its statutory powers independently there would be inefficient use of resources, market confusion, another level of bureaucracy, and transaction costs caused by having two organisations.
- 91.3. There would be a significant risk of legal challenge if CERA were to use its powers to implement company decisions, rather than CERA's own decisions.
- 91.4. It would not have the statutory powers to enable a high level of intervention.

#### PRIVATE COMPANY

92. The Crown could invite selected private sector parties to form a company to act as the development entity. The Crown would enter into an agreement with the company, tasking it to carry out the functions, which could include a requirement for Crown representation and observer status on the board of the company.

93. The advantages of this option are:

- 93.1. A private company would directly engage private sector capability and resources.

94. The disadvantages of this option are:

- 94.1. A private company would not have any statutory powers, and so would need to rely on CERA exercising these powers.
- 94.2. The shareholding, investment and governance of the company, and its relationship with the Crown, would take some time to establish.
- 94.3. The private sector participants would have their own legitimate interests, and legal duties (in the case of directors), which would diverge from the recovery objectives set out in the CER Act.

#### RESPONSIBLE ENTITIES

95. Canterbury local authorities and council-controlled organisations, as responsible entities under the Canterbury Earthquake Recovery Act 2011, may be delegated discrete implementation functions under the CBD Recovery Plan.

96. The advantages of this option are:

- 96.1. Local authorities have planning functions.
- 96.2. CCC's legal powers, as a local authority, are enduring.

- 96.3. CCC has a detailed understanding of the operations of the city, and is a very significant stakeholder.
97. The disadvantages of this option are:
- 97.1. Lack of statutory power to perform all the functions which the development entity needs to carry out.
- 97.2. CCC has significant existing ownership interests, and objectives and priorities as a local authority, which may influence how it might carry out the role.
- 97.3. The range of the functions and the scale of the task exceed the core functions and capability of the CCC.
- 97.4. May not have the confidence of the capital markets.

### Preferred option

98. My preferred option and recommendation is for CERA to be mandated as the entity to lead the redevelopment of CBD. This is because to lead and manage the implementation, the entity needs a number of attributes, including:
- 98.1. the statutory power to:
- obtain and collate all relevant information;
  - prepare and give effect to a blueprint for the CBD;
  - amend the consenting process; and
  - acquire and dispose of land (by agreement or compulsion);
- 98.2. the ability to source and attract development capital;
- 98.3. a means of engaging with, and facilitating discussion between, affected parties and the wider community; and
- 98.4. a high level of community and market confidence.
99. CERA has already been established, with the required powers, and is able to initiate the development of the CBD blueprint immediately, while putting in place the structures, systems and resources to undertake the other functions. All other options would take significantly more time to establish.
100. The other options would also inevitably involve central roles for other parties—namely private sector participants and the CCC—who have legitimate but different interests. These interests would affect, or at least there would be a perception that they would affect, the decisions that the delivery entity will need to make, and the relationship between CERA and the entity. At present, CERA is best placed to carry out the functions in the broadest public interest.
101. The functions identified should be undertaken by a dedicated unit within CERA. This may augment the quality, credibility and robustness of decision-making around implementation while maximising efficiencies and preserving recourse to the full suite of CERA's statutory powers. I also anticipate setting up an advisory group to provide advice on the redevelopment of the CBD to CERA. CERA have been directed to

provide advice to me on the make-up of the advisory panel and its terms of reference.

102. I anticipate that the redevelopment blueprint will be commissioned and overseen by CERA, making extensive use of the expertise of CCC staff, perhaps on a secondment basis. This expertise will be valuable to the entity, and close involvement of CCC staff is likely to enable a smoother transition when CERA ceases to exist in 2016. Collaboration will also be required with other strategic partners and government departments.
103. The role of CERA as the entity would be reviewed prior to 2016 to assess whether the functions are still required, and, if so, the form and function of the agency which should carry them out post-2016. It may be appropriate at that time to transfer any such functions to another organisation, establish a stand-alone body, or enable the continuation of the dedicated unit. Given the anticipated duration of the recovery, it is anticipated that some form of entity with a role in redevelopment of the CBD will be needed after 2016.

#### **Risks associated with intervention**

104. There are a number of risks associated with intervention in the recovery of the CBD, regardless of the form of the delivery entity. Some of the key risks identified at this stage are:
  - 104.1. an unclear purpose or insufficient mandate for the entity;
  - 104.2. insufficient or inappropriate resources;
  - 104.3. the geographical area being unfocussed or too large/small;
  - 104.4. excessive delay and poor decisions;
  - 104.5. failure to engage successfully with the capital market and other key stakeholders (eg CCC);
  - 104.6. adverse/inconsistent market reaction;
  - 104.7. adverse community reaction to functions being carried out by an entity other than a local authority; and
  - 104.8. tenants not committing to CBD, including government departments;
  - 104.9. organic and more cost effective development may be crowded out.
105. Some of the written comments on the draft Recovery Plan support the need for coordinated planning for recovery, and in some cases suggesting the need for a delivery agency or redevelopment corporation. This suggests a positive rather than adverse market reaction could be expected.
106. The risks outlined above are described in a generic sense irrespective of the form of the entity. When recommending CERA as the preferred entity, those risks that arise with respect to CERA should be understood and are outlined below:
  - 106.1. Insufficient or inappropriate resources: CERA does not currently have the expertise or capacity to establish a delivery office. This will need to be addressed through an increase in appropriation or reprioritising of tasks

currently being delivered. If a sufficient appropriation increase is not secured, reprioritisation will likely impact on existing programmes and staffing arrangements.

106.2. Relationships: There is a key relationship risk for CERA in undertaking the functions of an entity, in particular with strategic partners such as the CCC. This may pose a risk to the entity programme of work itself as well as the wider range of programmes that CERA is currently undertaking that by necessity involve the Council.

106.3. The greater Christchurch community itself may also resist a central government intervention particularly if it is perceived that intervention does not respect or endorse the community vision expressed through the development of the Draft Recovery Plan for the CBD. Any deterioration in that relationship could complicate the delivery of other programmes on which CERA is currently engaging with the community. Consideration will therefore need to be given to the nature of engagement with the community in developing the blueprint and the ongoing work of CERA in its leadership of the redevelopment of the CBD.

107. A considerable amount of work is still required to be undertaken before it is clear what functions will need to be exercised in relation to each project to promote recovery.

108. It should be recognised that there will be other recovery programmes and Recovery Plans being developed. It will be important to manage the integration of these programmes and Plans with the CBD Recovery Plan and the redevelopment blueprint.

### Initial implementation

109. It is my intention to direct the Chief Executive of CERA to exercise powers under the CER Act to ensure focussed, timely and expedited recovery of the CBD.

110. Having provided this direction, my expectation is that within the next three months, the following would be achieved:

110.1. amendment and approval of Volume 1 of the draft Recovery Plan to confirm the vision for the CBD;

110.2. preparation of a blueprint for redevelopment of the CBD to provide clarity and certainty, including on the nature and location of anchor projects.

111. Concurrently, the Chief Executive will identify and secure the resources needed to undertake the functions required to promote CBD recovery, consistent with the Recovery Plan and redevelopment blueprint.

112. I expect that CERA will work collaboratively with strategic partners (Christchurch City Council, Selwyn and Waimakariri District Councils, Environment Canterbury and Te Rūnanga ō Ngai Tahu) and with government departments in undertaking this new role.



**'Moratorium' on resource consents**

113. Property owners within the CBD have continued to make investment decisions including undertaking new building construction requiring resource consents under the RMA and building consents under the Building Act.
114. From information provided by the CCC, it is understood that since February 2011 a total of 228 building consents have been issued within the CBD. Of those, 36 relate to new buildings and 109 relate to repairs valued at over \$100 000. Since February 2011 within the CBD, 136 resource consents have been granted and a further 245 are in the process of being considered by CCC. Ninety one relate to building work (although this includes repairs and fit out). Very few of the consents (resource or building) relate to the core CBD.
115. Further new buildings could compromise coherent and coordinated redevelopment of the CBD. A new building in a block may, for example, compromise "title" amalgamation or increase the cost of compulsory acquisition as well as wasting time and resources in demolishing a new building so a site can be better utilised. I, therefore, requested CERA officials to consider whether a short-term moratorium on resource and building consents was possible.
116. I have been advised that the most efficient and effective option is to use section 27 of the CER Act. By public notice I can suspend, amend or revoke any part of an RMA document, including the CCC's district plan. By amending the district plan to make new building construction a prohibited activity I will not only stop the granting of resource consents but it is also not possible for anyone to apply for a resource consent for a prohibited activity.
117. Section 27(2) also provides that, by public notice, I can suspend or cancel an existing resource consent (including a certificate of compliance for a permitted activity) and any existing use right. I can therefore, stop anyone relying on a resource consent that they have been granted but not yet given effect to. I note that in relation to suspension of resource consents I am required, where practicable, to notify persons directly affected by my actions but no compensation is payable.
118. I note that there is a risk with imposing a 'moratorium' as it might cause some people to forgo development or defer reinvestment within the CBD or even within greater Christchurch. I consider this issue can be addressed through a short "moratorium" and clear communications about its purpose.
119. The wording of the public notice will clearly state that it is new construction which is a prohibited activity as I do not wish to make demolition or building repairs a prohibited activity. Nor do I wish applications for resource consents relating to bill boards, temporary structures, removal of significant trees or other non-construction land use activities to be prohibited.
120. The public notice will also identify the location of the prohibited activities. The 'moratorium' could relate to the core CBD or the CBD. The risk of investment flight will increase if the 'moratorium' covers the CBD but it will protect sites which may be relevant for bigger anchor projects such as a new sports centre. Just covering the core CBD would impact on fewer sites, but as they are within the present cordon. The 'moratorium' will in reality have very little effect. I, therefore, will impose the 'moratorium' on the CBD.

121. My intent is to impose the 'moratorium' for a period of up to 90 days. This will provide time for the blueprint to be developed and for any new controls arising out of the blueprint to be imposed through a further section 27 notice if necessary. I will then revoke the 'moratorium' by a further public notice and any resource consents that were suspended will be able to continue provided they are in accordance with the any new controls. Use of the public notice process will also enable me to make changes, during the "moratorium" period, to the activities or area covered by the 'moratorium' if that proves necessary.
122. It is not possible to use section 27 of the CER Act to impose a 'moratorium' on building consents so it would be possible for people to continue to seek such consents – but if they cannot obtain a resource consent to undertake construction the building consent would not be able to be used. It could, however, sit in limbo until the 'moratorium' is lifted.

### Key relationships

123. Critical to the success of the entity will be robust and collaborative relationships with strategic partners (in particular CCC, Environment Canterbury, and Te Runanga o Ngai Tahu) as well as the commercial sector and the community in general. Given the greater Christchurch context it will also be important to facilitate input from Selwyn and Waimakariri District Councils as appropriate.
124. The current thinking is that CCC and Environment Canterbury would continue to deliver consenting functions in the CBD. CERA and the councils will work together to ensure timely consenting processes. The CCC will be a vital partner for CERA in its delivery of key functions for the redevelopment of the CBD.
125. Other government departments and agencies have strong interests in the redevelopment of the CBD. These interests include network planning and infrastructure provision (in particular, NZTA, the Ministry of Education and Department of Building and Housing), service delivery, heritage retention, and being key tenants.
126. CERA's relationship with the commercial sector must continue to be strong if it is to successfully execute the entity's functions and secure the substantial private sector investment needed to deliver a recovered CBD.
127. Respecting the aspirations of the community as articulated in the draft Recovery Plan for the CBD, and maintaining clear communication with the community in general will also be an important consideration for the entity.
128. There is an opportunity to draw on the expertise of national professional associations such as architects, planners, urban designers both in the preparation of the blueprint and in the ongoing work of the entity.

### Interests of Te Rūnanga o Ngai Tahu

129. In accordance with the status of Te Rūnanga o Ngai Tahu as a Treaty partner with the Crown and a strategic partner with CERA under the CER Act, Ngai Tahu had a significant role to play in the development of the draft Recovery Plan for the CBD. It would be consistent if Ngai Tahu were to have similar input into the revised Plan and its implementation. Through its property company, Te Rūnanga o Ngai Tahu has significant investments in the CBD and through both its commercial operations and

its people Ngai Tahu has a strong desire to see the cultural, social and economic revitalisation of the CBD occur in a timely manner.

130. Under the Ngai Tahu Claims Settlement Act 1998, certain lands owned by the Crown prior to the date of the settlement are covered by the Ngai Tahu right of first refusal. If there is an intention to dispose of these lands, this must be done in accordance with that Act. The Ngai Tahu right of first refusal is specifically protected by section 59 of the CER Act. These interests will therefore need to be taken into account during the exercise of CERA's powers to dispose of or acquire land in the CBD.

### Consultation

131. The following departments were consulted in the development of this paper: The Treasury, Ministry of Economic Development, Department of Internal Affairs, Ministry for the Environment, Department of Building and Housing, Te Puni Kokiri, Department of Labour, Ministry for Culture and Heritage, Ministry of Transport and Ministry of Education.
132. The Department of the Prime Minister and Cabinet were informed of this paper.
133. In strict confidence, the Mayor and Chief Executive of the Christchurch City Council and Te Rūnanga ō Ngai Tahu were consulted in the development of this paper. The Chief Executives for Waimakariri and Selwyn District Councils, and Environment Canterbury and its Chief Executive were also provided with an opportunity to comment on this paper.

### Financial implications

134. CERA does not currently have the resources to undertake the ongoing functions required. If it is agreed to mandate CERA to undertake this new role and function by establishing a specific branded unit, this will require:
- 134.1. establishment costs of approximately \$0.700m (e.g. for recruitment)
- 134.2. one-off operational expenses in the order of \$3.54m. These one off costs include managing the developing the redevelopment blueprint, communications regarding the CBD recovery, obtaining relevant professional advice and marketing/communications costs relating to encouraging investment and establishing the website and marketing/communications collateral.
135. Following set up, annual operating costs of \$7.0m (made up of departmental costs of \$3.200m, \$2.600m for specialist consultants, \$1.200m for communications and marketing) will be required. This paper seeks agreement to increase CERA's appropriations.
136. The proposed changes in appropriations are sought from the Canterbury Earthquake Recovery Fund established as part of Budget 2011.
137. While capacity for CERA to undertake necessary activities is allowed for above, these cost estimates do not include any capital costs that may be required for acquiring or amalgamating, assembling development deals or investing and/or managing anchor projects. Cabinet agreement will be sought separately for such costs, as required.

## Legislative implications

138. There are no legislative implications arising from this paper.

## Regulatory Impact Analysis

139. A regulatory impact statement is not required at this time as there are no regulatory changes.

## Gender, Disability and Human Rights implications

140. There are no gender or human rights implications associated with the proposals in this paper.
141. The CER Act requires the Minister to have regard to the New Zealand Disability Strategy in determining how Recovery Plans are to be developed. The redevelopment of the CBD provides the opportunity to enhance accessibility of the built environment in accordance with the New Zealand Disability Strategy and its associated Disability Action Plan.

## Publicity

142. I propose to announce the decisions set out in this paper in the week after Cabinet consideration of this paper. I also propose to release this Cabinet paper, subject to appropriate OIA withholding considerations being taken into account.

## Recommendations

143. I recommend that the Cabinet

### BACKGROUND

1. **note** that Christchurch's CBD has suffered serious damage in the earthquakes of 2010 and 2011
2. **note** the importance of the CBD for the recovery of greater Christchurch and for New Zealand's economic and social prosperity
3. **note** that it is important for New Zealand's prosperity and resilience that economic growth and risk are spread across the country
4. **note** that the government recognised the importance of greater Christchurch and its recovery through the creation of the Canterbury Earthquake Recovery Authority (CERA) and the passing of the Canterbury Earthquake Recovery Act (CER Act)
5. **note** that New Zealand now has an unprecedented opportunity to create a highly productive and innovative CBD in Christchurch
6. **note** that to date CERA, CCC and SCIRT have undertaken a range of activities in the CBD including demolition, permanent repair of infrastructure and assisting with restart projects

7. **note** that the initiatives described in recommendation 6 are not sufficient to achieve an optimal and timely recovery of the CBD

#### DRAFT RECOVERY PLAN FOR THE CENTRAL BUSINESS DISTRICT

8. **note** that the CER Act required the Christchurch City Council (CCC) to develop a draft Recovery Plan for the Central Business District
9. **note** that the draft Recovery Plan for the Central Business District was prepared during 2011 and provided to me for consideration in December 2011
10. **note** that the statutory effect of a recovery plan is on other statutory instruments including RMA documents and strategies under the Local Government Act 2002, although a recovery plan will also have moral suasion and provide a vision for the recovery
11. **note** that in reviewing the draft Recovery Plan for the CBD the Minister for Canterbury Earthquake Recovery considers that:
- 11.1. the vision and values set out in Volume 1 provide a solid foundation that will contribute to the recovery of the CBD;
  - 11.2. Volume 1 does not contain sufficient detail on how implementation will be undertaken;
  - 11.3. Volume 2 proposes changes to the operative District Plan in a manner that makes these provisions more complex and onerous; and
  - 11.4. Volume 2 be withdrawn;
12. **note** that the Minister for Canterbury Earthquake Recovery has directed CERA to report by 30 April on any amendments and withdrawals required to the draft CBD Recovery Plan

#### EFFECTIVE IMPLEMENTATION OF THE CBD RECOVERY PLAN

13. **note** that international experience on redevelopment and recovery of cities following a disaster is that there is a three year window of opportunity to get the framework in place and establish momentum and confidence for recovery
14. **note** that international experience indicates that the following recovery functions are needed to be carried out and facilitated in Christchurch in a coordinated and concerted manner:
- 14.1. Collation of key information
  - 14.2. Development of blueprints
  - 14.3. Streamlining of consent processes
  - 14.4. Land amalgamation
  - 14.5. Development promotion
  - 14.6. Investment promotion and attraction

- 14.7.           Withheld under section 9(2)(i)           Withheld under section 9(2)(i)
- 14.8.   Scheduling for construction coordination/management
15.   **note** that four options for the delivery of the functions outlined in recommendation 14 above include either:
- 15.1.   mandating CERA as the delivery entity to lead and facilitate the redevelopment of Christchurch's Central City; or
- 15.2.   setting up a Crown owned company; or
- 15.3.   allowing a responsible entity as defined under the CER Act; or
- 15.4.   allowing a private company;
16.   **agree** to mandate CERA as the delivery entity to lead and facilitate the recovery of Christchurch's CBD as defined in the CER Act;
17.   **note** that Minister for Canterbury Earthquake Recovery has instructed the Chief Executive of CERA to provide him with advice on setting up an Advisory Panel to provide advice to CERA on the redevelopment of the CBD, its makeup and terms of reference;
18.   **note** that Minister for Canterbury Earthquake Recovery intends to instruct the Chief Executive of CERA to exercise powers under the CER Act to promote recovery in the CBD consistent with the functions described above
19.   **note** that a key priority is to prepare a blueprint for the redevelopment of the CBD, which will identify anchor projects within the CBD
20.   **note** that anchor projects will be publically and privately funded but those that are seeking public funding will require an appropriation, and will depend on the strength of the business case
21.   **EITHER**
- 21.1.   **agree** that while a redevelopment blueprint is being prepared, a "moratorium" of resource consents for new buildings in the CBD should be imposed for up to 90 days through the use of a public notice under section 27 of the CER Act
- OR**
- 21.2.   **direct** CERA to inform investors and applicants that the CBD Recovery Plan will include a redevelopment blueprint and development rules that once in place will expedite and prioritise resource consenting processes for the CBD
- AND**
- 21.3.   **direct** CERA to inform Christchurch City Council that CERA must be notified of all resource consent applications relating to the CBD until the CBD Recovery Plan is authorised by the Minister for Canterbury Earthquake Recovery

#### FINANCIAL IMPLICATIONS

22.   **note** that there will be a need for additional resources and capability for CERA, requiring an increase in CERA's current appropriation

23. agree to the following increase in appropriations to cover shortfalls in CERA's funding, with a corresponding impact on the operating balance;

	\$m -- increase/(decrease)				
	2011/12	2012/13	2013/14	2014/15	2015/16
Vote Canterbury Earthquake Recovery Minister for Canterbury Earthquake Recovery					
Departmental Output expense: Managing the recovery	4.240	7.028	7.366	7.626	7.894
<b>Total</b>	<b>4.240</b>	<b>7.028</b>	<b>7.366</b>	<b>7.626</b>	<b>7.894</b>

24. agree that the proposed changes to appropriations in recommendation 22 above be included in the Supplementary Estimates, and that, in the interim, the increase be met from Imprest Supply;
25. agree that the proposed changes in appropriations be met from the Canterbury Earthquake Recovery Fund established as part of Budget 2011;
26. authorise the Minister for Canterbury Earthquake Recovery and the Minister of Finance jointly to transfer any underspend in the Departmental appropriations referred to above from 2011/12 to 2012/13, with the final amount to be transferred being confirmed as part of the October Baseline Update following the presentation of CERA's 2011/12 audited financial statements.
27. direct CERA to report to the Cabinet Committee on Canterbury Earthquake Recovery with further advice to support anchor projects, including financial implications as required.

  
 Hon Gery Brownlee  
 Minister for Canterbury Earthquake Recovery

Released by the Minister for Canterbury Earthquake Recovery  
 30.06.2012

## Economic Importance of Canterbury and greater Christchurch

- 1 The New Zealand economy needs Canterbury and Christchurch to be a prosperous, productive platform of its growth strategy. The region offers a range of economic drivers that are well-placed to meet this need.
- 2 Greater Christchurch (Christchurch City, Selwyn District and Waimakariri District) is home to an estimated 463,900 people (as at 30 June 2010), around 10.5% of New Zealand's population. Canterbury is the most populated region in the South Island and the second most populated in New Zealand. Greater Christchurch hosts 10% (19,700) of all New Zealand's employers, providing 11% of New Zealand's jobs.
- 3 The Canterbury region is experiencing strong growth in agriculture, forestry and fishing sectors. In the year to June 2011 there was 17.9%<sup>1</sup> employment growth against a whole of NZ growth of 4% in these sectors. Agriculture accounts for 75% of Canterbury's land use, producing a contribution of \$800 million<sup>2</sup> to national GDP (at the farm gate) and \$1.1 billion in exports.
- 4 Canterbury allocates 58% of New Zealand's water. It accounts for 70% of irrigated land and generates 24% of national power<sup>3</sup>. It has the potential to expand total irrigable areas by up to 40% over the next two decades. A well-functioning Christchurch city with appropriate infrastructure, services and business environment will be needed to maximise the economic growth potential of the rural sector.
- 5 The city is currently home to significant facilities, institutions and expertise, which all need a vibrant and prosperous city to flourish. Collectively they uniquely position Christchurch to contribute to the government's agenda for innovation, growth and increased exports.
  - Lyttelton Port is the largest deep sea port and trade gateway in the South Island, handling containers, coal and timber. The current value of exports through the port is around \$1 billion per month. It is the largest coal export facility in New Zealand.
  - Significant knowledge-intensive manufacturing and technology firms are present and export globally.
  - Christchurch has two universities, specialising in engineering (including seismic engineering), resource management, and agritechology, plus seven out of the eight Crown Research Institutes.
  - A hospital that is a large acute tertiary institution servicing 501,400 people, and is the clinical base for the Otago School of Medicine.

<sup>1</sup> CESB Employment Opportunities in Canterbury report (October 2011). Prepared by the Department of Labour and Canterbury Development Corporation.

<sup>2</sup> Regulatory Impact Statement, ECAN (2010)

<sup>3</sup> Information on Water Allocation in New Zealand. Prepared for the Ministry for the Environment, Report No 4375/1 April 2000 by Lincoln Environmental, Lincoln Ventures



- 6 Christchurch is the tourism gateway for the South Island and is New Zealand's second hub for international air services, serviced by eight airlines. Christchurch accounts for 15% of passenger arrivals and 26% of air exports. Christchurch and Auckland are NZ's only 24-hour air operations.
- 7 Christchurch is among the top three New Zealand destinations for foreign direct investment (FDI), being third for inward FDI (7%), after Auckland and Wellington. Christchurch ranks second as a destination for outwards direct investment (12%) after Auckland.
- 8 It is essential that New Zealand maintains its social, economic and commercial resilience and prosperity through reinvestment in Christchurch. This is reflected in the purposes of the Canterbury Earthquake Recovery (CER) Act, especially the purpose of "[providing] appropriate measures to ensure that greater Christchurch and the councils and their communities respond to, and recover from, the impacts of the Canterbury earthquakes" (section 3(a)).
- 9 Cities are important attractors of the resources, people, capital and ideas required to support growth and prosperity. Christchurch will need to recover to retain its competitiveness on the international stage and attract and retain talent, investment and resources. How well the recovery is effected will impact on how New Zealand is perceived more broadly as an investable risk.
- 10 Above all, New Zealand has an unprecedented opportunity to create a highly productive and innovative CBD that attracts new capital and would position Christchurch as a much more competitive city for the 21st century.

Released by the Minister for Canterbury Earthquake Recovery

## Options for Responding to draft CBD Recovery Plan

OPTION	APPROACH	ADVANTAGES	DISADVANTAGES
1. Withdraw the draft Recovery Plan – the Minister withdraws the draft Recovery Plan and makes no further decision at this time	<p>Withdrawing the draft Plan would:</p> <ul style="list-style-type: none"> <li>remove the draft Plan from consideration</li> </ul>	<ul style="list-style-type: none"> <li>provides clear signal of Ministers view that the draft Plan does not meet requirements as a Recovery Plan</li> <li>removes any direction or commitment created by the draft Plan</li> <li>removes complex and onerous changes to the district plan (volume 2)</li> </ul>	<ul style="list-style-type: none"> <li>delayed decisions on CBD</li> <li>creates uncertainty by leaving a hole in any form of direction and not clarifying what that will be filled</li> <li>does not assist in clarifying what the expectations are for the CBD Recovery Plan</li> <li>public perception issues – central government role vs community views</li> <li>difficulty for Central Government given our submission on the August draft did not identify substantial problems</li> </ul>
2. Start again – the Minister withdraws the draft Recovery Plan and directs CERA and the CCC (or some other agency) to develop a new recovery plan for the CBD.	<p>A re-write of the draft Recovery Plan could:</p> <ul style="list-style-type: none"> <li>more clearly articulate how it is bringing about recovery in the CBD</li> <li>identify a small number of actions/projects and describe how these will stimulate desired outcome(s)</li> <li>set out how the recovery plan will be implemented</li> <li>identify where major civic assets are going to be located following completion of feasibility studies/business cases</li> </ul>	<ul style="list-style-type: none"> <li>opportunity for a recovery plan allowing for a planned and phased rebuild of the CBD, which will encourage development and investment</li> <li>ability to simplify the proposed changes to the District Plan</li> <li>opportunity to focus on recovery and projects that need to happen now or soon</li> <li>integration with other recovery programmes and plans and consistency with Recovery Strategy</li> </ul>	<ul style="list-style-type: none"> <li>delayed decisions on CBD</li> <li>public perception issues – central government role vs community views</li> <li>difficulty for Central Government given our submission on the August draft did not identify substantial problems</li> </ul>
3. Approve an amended version of the draft Recovery Plan - Minister approves amended Plan with specific amendments to be made to the draft Plan and withdrawal of some parts of the draft Plan	<p>An amended draft Recovery Plan could:</p> <ul style="list-style-type: none"> <li>focus on urban form</li> <li>delete all projects that are not recovery (enhancement only); or could be considered under other legislation or processes, or part of other Recovery Programmes/Plans, or subject to further feasibility studies</li> <li>delete all transport projects to achieve above point</li> <li>delete all funding aspects to achieve above point</li> <li>remove extraneous and incorrect information</li> <li>signal key actions for delivery of the Recovery Plan</li> <li>withdraw volume 2 (changes to district plan)</li> </ul>	<ul style="list-style-type: none"> <li>enable timely decision by the Minister</li> <li>ensure that the focus of the Plan is on recovery</li> <li>signal that implementation is key aspect to the Recovery Plan</li> <li>enable integration with other recovery programmes/ plans</li> <li>ensure projects/funding considered in the best place i.e. as part of most appropriate recovery programme</li> <li>manage expectations about the extent to which central government will fund projects in the Plan</li> <li>remove district plan changes considered onerous and complex – can rely on current district plan until additional planning implementation work undertaken</li> <li>further work (e.g. new volume 2) can be added to the Recovery Plan at a later time</li> <li>the decision is focused on key issues (as per initial advice to Minister)</li> </ul>	<ul style="list-style-type: none"> <li>some aspects of the amended Plan would state actions but not have full details (e.g. action to prepare blueprint but actual plan not yet included)</li> <li>public perception issues – central government role vs community views</li> <li>may need to amend Recovery Plan to add further content at a later time</li> <li>difficulty for Central Government given our submission on the August draft did not identify substantial problems</li> <li>substantial amount of work to complete amendments</li> <li>significant number of projects and detailed planning work would be removed (some could possibly be recorded in an annex or separate document)</li> <li>location of key civic assets unknown</li> <li>may not provide opportunity to incorporate decisions on aspects of Royal Commission recommendations</li> </ul>
4. Delay decision - Minister extends decision timeline	<p>A delay would:</p> <ul style="list-style-type: none"> <li>announce an extended timeframe for the Minister's decision on the draft Plan</li> <li>still require a decision on which option to progress at a later date (i.e. by one of the other options)</li> </ul>	<ul style="list-style-type: none"> <li>there would be more time to complete analysis and report to the Minister</li> </ul>	<ul style="list-style-type: none"> <li>the public may perceive that taking longer to make a decision is creating unnecessary delay</li> <li>prolongs uncertainty about recovery of the CBD</li> </ul>
5. Approve Plan with no amendment - Minister approves Recovery Plan with no amendments	<p>Approving the Recovery Plan would:</p> <ul style="list-style-type: none"> <li>Confirm the approved Recovery Plan is as per the draft submitted in December 2011.</li> <li>make no amendments to the draft Recovery Plan</li> </ul>	<ul style="list-style-type: none"> <li>enables a timely decision by Minister</li> <li>decision made</li> <li>stakeholders and community who agreed with the draft Plan would be satisfied</li> </ul>	<ul style="list-style-type: none"> <li>would indicate support for all listed projects</li> <li>would put in place changes to District Plan that may be considered by developers/investors as onerous, complex, time consuming and subjective</li> <li>unlikely to result in recovery of the CBD as no clear direction as to how the Plan will be implemented</li> <li>creates expectations on other parties (e.g. regional and central government locating offices in the CBD)</li> <li>potential non-alignment with other Recovery Programmes/ Plans, and Royal Commission decision</li> <li>may create expectations that all projects will go ahead even though funding has not been secured</li> <li>those who provided written comment may not feel they were heard</li> </ul>

## Anchor projects

### Background

1. A strategic approach to redevelopment of the Christchurch CBD is required to realise the vision outlined in the draft CBD Recovery Plan and to avoid sporadic development occurring throughout the CBD.
2. In order to realise a full and timely recovery for Christchurch CBD it is essential that private investors and the general public have confidence in the recovery of the CBD. A well thought-out and comprehensive plan (blueprint) for the new city centre will assist in delivering confidence—actual delivery of key projects will provide the tangible evidence for enhanced planning and investment.
3. One way of achieving this is taking action to accelerate key projects and programmes, or 'anchor projects' and target specific areas for redevelopment. Identification and location of anchor project and special areas is considered a key part of CERAs expanded role.
4. Research<sup>1</sup> reveals that recovery occurs in a clustered configuration. Clear signals are needed to ensure land use is aligned and uses connected. Without clear direction regarding when and where projects or commercial activities occur, Christchurch CBD risks poorly performing precincts that are spread out and disconnected.

### What are anchor projects?

5. Anchor projects are special projects or special areas for which there is focussed planning, design and commercialisation process, to catalyse change in the city. Anchor projects need to contribute to recovery and not business as usual public or private projects.
6. Anchor projects or areas may be public (e.g. a stadium or convention centre) or private (e.g. commercial blocks, or a significant residential development) and either a single function/one large site project, or a group of functions on multiple adjacent sites.
7. They can catalyse recovery in the areas around them due to the location of function of the anchor project. For example, a convention centre may drive the development of an adjacent hotel development.

<sup>1</sup> Douglas Ahlers – Disaster Recovery Seminar - Harvard Kennedy School 2011

- Capital is mobile and therefore needs to be committed.
- The probability of rebuilding is a function of what others will do.
- The need to unlock a catalyst by the establishment of a critical mass is the key to success.
- Alignment of signals important.
- Clustering is normal during recovery; however these will not develop in an optimal way if allowed to occur organically.
- Studies show that investment follows investment.

8. They provide a tangible signal to the market, and help create areas of aligned land use which benefit from the levels of connectivity between them.

### Typical characteristics

9. Anchor projects can have a variety of characteristics depending on the nature of the project or area, and their role in recovery. They can be public (e.g. stadium/convention centre) or private (e.g. commercial blocks).
10. Anchor projects can provide a single function on a large site, or be have collective of functions on multiple adjacent sites as a 'cluster', for example an arts facility with performing, rehearsal and education space.
11. In general, the development of anchor projects and special areas is complex. They are often of a scale which means that they will require specialist skills to plan and design them. Anchor projects require careful planning from scoping from initial design through to construction and ongoing management. Expertise in a range of areas will be needed to get anchor projects off the ground including: commercial, planning, legal, and financial as well as partnership building.
12. Projects seeking government funding would require a Better Business Case. All projects must also be fiscally responsible by optimising the limited resources available for recovery in Christchurch as well as being sustainable in the long term once operational.
13. Pace of recovery has repercussions for community and commercial confidence in the recovery of the CBD. It is critical that projects be achievable within a reasonable time frame to be relevant to recovery. In addition, they must collectively demonstrate a spread of interests to ensure that all the community's interests are provided for, and not just one sector.

### Identifying projects

14. Identifying the type and location of projects is the first step. A basic set of evaluation criteria will need to be developed to include economic impact, social/cultural value, financial viability, and environmental contribution - to identify those projects that will proceed to indicative business case stage.
15. To identify the project type, the following considerations are necessary:
- is project a timely and geographically appropriate catalyst for economic activity
  - does it send a clear signal of commitment to greater Christchurch's recovery
  - will it create a new and enduring heritage
  - will it contribute to making Christchurch a great place to live, work and play
16. To assist with location multi-criteria analysis will be used to assess site options taking into account:
- capacity to catalyse recovery overall and around that location
  - condition of existing area land use

- relationship to city form and vision - e.g. activity areas, views/legibility
- avoidance of reverse sensitivity from functional effects such as noise
- appropriate scale in context so adjacent land uses are not dominated
- relationship to transport/movement corridors/routes
- ground condition (or other hazards) suitability for the proposed use/structure
- ownership simplicity and/or interest in partnership (limited engagement will be required)
- land parcel size to accommodate proposed use/structure
- relationship to other facilities to gain interdependency benefits
- land value.

#### Process

17. Anchor projects will be integrated into the redevelopment blueprint, which will map their location. The redevelopment blueprint will map the footprint of the project or special area, key attributes and opportunities, further investigations required and the implementation process including optimum statutory planning consenting methods.
18. Depending on the nature of the project or area, varying levels of intervention across the CERA functions will be required. For example, large-scale projects may require land amalgamation including compulsory acquisition, while other projects may simply be supported by site confirmation in the blueprint.

#### Potential catalyst projects

19. Likely significant and critical catalyst projects are expected to include a comprehensive commercial office project (via land amalgamation), convention centre and sports stadium. For example:
  - commercial office project – land amalgamation is the likely initiative to drive a comprehensive scale office redevelopment project. The spatial extent of this will drive cost which is estimated to be circa \$20-\$30m for a typical city block plus an allowance for title amalgamation and master planning costs etc. Once amalgamated and master planned land sales can occur for delivery of completed product recovering most or all of the up front land cost.
  - Convention Centre and Sports Stadium Projects – this is likely to have capital costs each of circa \$200m-\$300m plus land and excluding any associated hotel and/or retail offerings.
20. A key issue for CERA development unit will be to identify whether there is a need for public funding to deliver initial certainty and confidence. This will enable the private sector capital to mobilise and commit to support the public lead investment.

21. Certainty around timing and delivery of these catalyst projects is considered vital to trigger private capital investment, remove uncertainty and instil confidence to the private sector capital markets that will ultimately be required to fund the bulk of the rebuild.

**Work to date**

22. CERA needs to be cognisant of work to date on recovery projects. The draft Recovery Plan for the CBD identifies 71 projects, only 15 of which are considered priority projects. These may form a useful basis for further analysis by CERA in the type of projects to assess.

Released by the Minister for Canterbury Earthquake Recovery