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REPORT 1  
(1215/52/IM)

## WHAREWAKA – APPROVAL OF GROUND LEASE

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### 1. Purpose of Report

Wellington Waterfront Limited (WWL) is seeking approval to enter into a 99 year ground lease of the wharewaka site adjacent to Taranaki Street Wharf.

### 2. Executive Summary

The Wellington Waterfront Framework calls for appropriate references to Maori history in helping determine the character of the waterfront. Opportunities to express the 'story' of the tangata whenua are to be woven into the different levels of the overall design. The Maori connection reinforces the waterfront identity and provides a wonderful point of difference both nationally and internationally. The wharewaka development will make a major contribution to delivering on the Framework values including expressing Maori heritage and presence on the waterfront.

The building development and surrounding open space have resource consents in place that were granted in 2005.

Funding for the development has been secured by the Wharewaka o Poneke Charitable Trust ('the Trust') and includes a previously approved \$800,000 contribution from the Wellington City Council (the Council).

WWL and the Trust have negotiated a conditional development agreement, on the basis of a 99 year lease which is considered to be an appropriate and sustainable term for both parties. Ground leases on the waterfront vary in duration between 35 and 999 years and do not generally contain rights of renewal. Typically WWL seeks approval from the Council to grant 99 year terms for commercial premises and up to 125 years for residential accommodation.

Wellington City Council, along with the other settlers of the Wharewaka trust will be required to guarantee the Trust's performance and payments related to this project. This guarantee will be limited to the extent of the proportion of Council's financial contribution to the project.

The delivery of this project will meet the objectives of the Trust and the Council and will result in a cultural Maori presence on the waterfront that promotes activities that engage people in a building that is sensitive to the public open space around it as well as neighbouring buildings and the water.

### **3. Recommendations**

Officers recommend that the Committee:

1. *Receive the information.*
2. *Recommend to Council that it approve the proposed 99 year ground lease between Wellington Waterfront Limited and the Wharewaka o Poneke Charitable Trust.*
3. *Recommend to Council that it guarantees the performance of the Wharewaka o Poneke Charitable Trust as it relates to this project, limited to the extent of the proportion of Wellington City Council's financial contribution to the project.*
4. *Note that the Wharewaka o Poneke Charitable Trust must gain full resource consent before construction of the wharewaka can commence.*
5. *Note that Council's approval of the ground lease is subject to the Wharewaka o Poneke Charitable Trust and Wellington Waterfront Limited successfully agreeing the terms of the lease.*

### **4. Background**

Development of a wharewaka on Wellington's waterfront has been in various stages of planning for more than ten years.

The concept is referenced throughout the Wellington Waterfront Framework. The Framework stipulates the following principles:

- Maori cultural heritage will have a strong presence on the waterfront and play a key role in identifying the waterfront;
- Maori cultural presence on the waterfront should be an active one – to show a living culture – and will include a focus on waka culture; and
- Maori history and heritage will be reinforced by a variety of methods.

The Framework identifies the lagoon as the best place for a landing site and shelter for the waka of the local mana whenua.

WWL has provisioned (and partially expended) \$800,000 for the planning and construction of this development. Costs borne by WWL to date relate to the successful application for a resource consent granted in late 2005. Design development since 2005 has been reviewed by Wellington City Council planners. The Council has approved the project as a variation to the original resource consent.

The Architecture + concept is an architecturally impressive design that has received positive feedback and provides WWL and the Trust an opportunity to

create an exciting mix of cultural uses and public spaces in this part of the waterfront. The proposal fully conforms to the requirements of the Framework and has been endorsed by the Council's Technical Advisory Group. Developed designs for the wharewaka and surrounding public space are appended.

The Wharewaka o Poneke Charitable Trust has been established as the governance body for the development and ongoing management of the facility. The Trust has representation from Te Atiawa/Taranaki Whanui and Wellington City Council.

WWL has been appointed as project manager of the development. It is anticipated that construction will commence in January 2010.

Total development costs have been estimated at approximately \$11.5 million in addition to the value of the land. The majority of this cost is being met by the Trust; the Council is contributing the underlying land at a peppercorn rental and a sum of \$800,000.

## **5. Discussion**

### **5.1 Approval of Lease**

WWL is seeking approval to enter into an Agreement to develop and lease premises at Taranaki Wharf West and a Ground Lease with the Trust.

A summary of the key terms and conditions are described as follows:

<b>Target construction date:</b>	January 2010
<b>Target completion date:</b>	December 2010
<b>Permitted use of premises:</b>	<ul style="list-style-type: none"><li>- To house and publically display significant waka</li><li>- A gallery/hui space for the purpose of exhibiting artworks and artefacts and holding hui</li><li>- Upstairs multi-purpose meeting space and offices for building administration and kaumatau</li><li>- A café which may be run as a commercial operation, and the wall space which will be available for the purpose of displaying artworks and artefacts; and</li><li>- A kitchen/wharekai servicing the café and providing catering for hui and other functions</li></ul>
<b>Term:</b>	99 years from the commencement date
<b>Annual rental:</b>	\$1 plus GST plus all outgoings

## **5.2 Guarantee**

The development agreement between Wellington Waterfront Limited and Wharewaka O Poneke Charitable Trust requires the provision of a guarantee by all the Trusts' settlor entities. The settlor entities are Port Nicholson Block Settlement Trust, Wellington Tenth's Trust, Palmerston North Maori Reserve and Wellington City Council.

The effect of this guarantee is to obligate WCC to guarantee the Trust's performance and payments under the development agreement (to build the wharewaka). This guarantee will be limited to the extent of the proportion of the Council's financial contribution to the project. The other settler entities have agreed to provide a guarantee.

## **6. Conclusion**

WWL recommends that the Council approve the commercial terms of the proposal and authorises WWL to enter into a ground lease for 99 years. WWL further recommends that Council agrees to guarantee the Trust's performance limited as outlined above.

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Ian Pike, Chief Executive, Wellington Waterfront Limited

## **Supporting Information**

### **1) Strategic Fit / Strategic Outcome**

*The Wharewaka will contribute to the following Council outcomes:*

*More Liveable – Wellington will be a great place to be, offering a variety of places to live, work and play within a high quality environment.*

*Stronger sense of place – Wellington will have a strong local identity that celebrates and protects its sense of place, capital-city status, distinctive landform and landmarks, defining features, history, heritage buildings, places and spaces.*

*More Eventful – Wellington will maximise the economic value from promoting and hosting high-profile events.*

*More Prosperous – Wellington's urban form, and flexible approach to land use planning in the central city, will contribute to economic growth and prosperity.*

### **2) LTCCP/Annual Plan reference and long term financial impact**

*C378 Wellington Waterfront Project*

*A312 Wellington Waterfront Operations*

*CX131 Wellington Waterfront Development.*

*In accord with the 2009/10 LTCCP.*

### **3) Treaty of Waitangi considerations**

*Maori have had a long connection with the harbour and waterfront that continues today. There are several sites of significance for iwi around the waterfront including Waitangi Lagoon and Te Aro Pa.*

### **4) Decision-Making**

*This is not a significant decision. The report deals with a strategic asset, but does not propose any changes to the development plan.*

### **5) Consultation**

#### **a) General Consultation**

*Consultation has been undertaken on the design brief. All affected parties were included.*

#### **b) Consultation with Maori**

*Representatives from Council's mana whenua Treaty partners – Wellington Tenth's Trust and Te Rūnanga o Toa Rangatira were involved in the development of the Wellington Waterfront Framework that identifies the Taranaki Street Wharf lagoon as the best place for a landing site and shelter for the waka of the local mana whenua.*

### **6) Legal Implications**

*There are no implications from this report.*

### **7) Consistency with existing policy**

*This report is consistent with existing WCC policy on waterfront development.*