

**BEFORE AN INDEPENDENT HEARINGS PANEL
OF THE UPPER HUTT CITY COUNCIL**

IN THE MATTER OF The Resource
Management Act 1991

IN THE MATTER OF Upper Hutt City
Council's Proposed
Intensification Planning
Instrument

**EVIDENCE OF DAVID IAN MCGUINNESS
ON BEHALF OF BLUE MOUNTAINS CAMPUS DEVELOPMENT LIMITED
PARTNERSHIP**

(Landowner)

14 April 2023

1. INTRODUCTION

1.1 My name is David McGuinness. I am a Director at Willis Bond. Blue Mountains Campus Development Limited Partnership (**BMC**) is an investment fund managed by Willis Bond. I am a director of Blue Mountains Development GP Limited, the general partner of BMC. I confirm that I am authorised to provide evidence on behalf of BMC.

1.2 I have been a director at Willis Bond since 2005, prior to which I practised law in New Zealand and overseas. My title is Managing Director – Development and in my role, amongst other things, I oversee all of Willis Bond's active development projects. I have been involved in the development at Blue Mountains Campus since its inception.

1.3 I confirm that, in preparing this evidence, I have read the relevant provisions of the IPI as notified (**IPI(N)**), the relevant parts of Upper Hutt City Council's (**Council**) section 32 report, and the relevant IPI recommendations in the Section 42A Report (**IPI(R1)**). I have also read the planning evidence of Mr Lewandowski prepared for BMC.

2. SCOPE OF EVIDENCE

2.1 This statement of evidence will outline the relevant history of the Blue Mountains Campus site (**BMC Site**), including BMC's development vision for the site. It will also outline my understanding and experience of development demand for the BMC Site.

3. HISTORY OF THE BMC SITE

3.1 Following the Seddon and Kaikoura earthquakes in 2013 and 2016 respectively, and after observing their effects within the Wellington region, Willis Bond began looking for a site outside the Wellington CBD with a strong resilience profile, amongst other benefits.

3.2 With the assistance of geotechnical and structural engineers, Wallaceville was identified as having a low natural hazard profile as regards shaking, liquefaction, landslide and tsunami. Further research indicated that the former AgResearch site at Blue Mountains Campus was available for purchase. We undertook due

diligence on the Site for an extended period (from May 2017 to late 2020) in order to assess the viability of various development options in this location.

3.3 The primary intention for the BMC Site was to create a commercial office campus where alternative government and other business premises could be established, both as day-to-day office locations and to provide portfolio diversity in the event of other premises becoming unavailable following a major natural disaster. In addition, disaster recovery and high importance level options could be installed, where a strong level of business continuity was critical.

3.4 In addition to its resilience profile, the BMC Site had other characteristics that made it attractive for the proposed development. A mixture of established trees, open areas and low-rise buildings (including heritage structures) provided a campus feel to the northern part of the site, while empty fields in the land to the south provided development potential unfettered by structures or trees. The site was also well-connected to Upper Hutt and the wider Wellington region, being just a 2-minute drive to the Upper Hutt CBD, 10-minute drive to Transmission Gully and 25-minute drive to the Wellington CBD. The Wallaceville train station on the Hutt Valley line is 250 metres away and the nearest local bus stop is adjacent to the site on Ward Street.

3.5 Some limitations on developing the land did exist, primarily in the form of a heritage covenant over the northern portion. The BMC Site also has a number of protected trees. For this reason, the development potential of the southern part of the land was important and, prior to purchasing the land, we engaged in discussions with representatives from the Council to understand the planning risk. We understood that changes to the District Plan would be forthcoming as there was an agreed vision (between BMC and Council) for the BMC Site, and it was understood that the current zoning might impact on achieving this.

4. DEVELOPMENT DEMAND FOR SITE

4.1 From the outset, Willis Bond engaged in lengthy discussions with Government Property Group (**GPG**) regarding demand for office accommodation at the site. As the location met the criteria for the government's regional hub project, there was strong engagement from GPG. We took confidence from this interest and pressed ahead with the purchase.

4.2 Since completing the purchase, GPG has confirmed the BMC site as the first regional hub in the government's programme to revive areas outside main

centres. We have nearly completed Stage One, a redevelopment of the existing Buddle building in the northern part of the site abutting Ward Street. This Stage comprises 6,000sqm of office and retail space and is targeting 5-star GreenStar and NABERSNZ ratings.

- 4.3** Kiwirail and the Ministry for Business, Innovation and Employment (MBIE) each have taken leases in this building. The refurbished building has been strengthened and, in conjunction with this, we have constructed an addition in the form of an Importance Level 3 control room for Kiwirail. MP for Remutaka, the Hon. Chris Hipkins attended the groundbreaking event and noted that Covid had shown the need for employees to be flexible in the way they worked. People want to work closer to home and with Wellington City vulnerable to earthquakes, it makes sense to have more Government departments in Upper Hutt.
- 4.4** The next stages will likely include refurbishing the existing heritage-listed Hopkirk building before moving onto new mass timber buildings, which are to be located further south towards the centre of the site (within the Gateway Precinct). BMC is still considering development options for the balance of the BMC Site and would like to retain flexibility to respond to market demand. A range of activities could be appropriate for the BMC Site and would help create a varied, interesting and activated development.
- 4.5** In particular, some residential use within the Gateway Precinct (currently zoned commercial) may complement the campus feel. Residential use would help add vibrancy outside usual office hours, help support service businesses which add amenity to the campus (for example, a café and/or a gym) and provide passive surveillance, enhancing the security of the overall campus. I understand that this is enabled under the proposed Local Centre Zoning proposed in the IPI(N), with there being some inconsistency regarding whether residential use applies at ground level in the Gateway Precinct.
- 4.6** One building where we are considering residential use is the heritage Hopkirk building. The building is a challenging development scenario – it requires earthquake strengthening, but is of such small scale that a typical commercial development may be loss-making.
- 4.7** Under the current zoning, residential use would not be permitted at ground level, which is half the building. Residential on level one only would be problematic as the value of the residential units may be undermined by the ground floor use

(which in all likelihood would not be confirmed at the time any residential units on level one would be offered to the market for sale).

- 4.8** Designing a fully residential scheme will come with considerable cost, but (particularly given the building's heritage status), such a scheme would need to be well-developed in order to progress to resource consent. With uncertainty over the ability to have residential on the ground floor, there is too much cost risk to progress such a scheme to the necessary level of detail, creating a Catch-22 situation.
- 4.9** Each of the proposed new mass timber buildings will target at least 5-star GreenStar and NABERSNZ ratings and comprise around 6,000sqm of office space. As timber buildings, the aim is to minimise the embodied carbon and set a new standard for building in the region. The intention is to commence construction of the first timber new build next year, with a second to follow shortly thereafter. We are in discussions with a government tenant for the first of these buildings.
- 4.10** Once these stages are complete, we hope to be able to build future stages on the land to the south of the site (in the Urban Precinct and currently zoned General Residential). The design for the timber buildings has a principle of replicability built into it – albeit with ability to adjust so as to get a cohesive but varied look across the campus – in order to make the new buildings as cost-effective as possible. Achieving this replicability comes with an upfront cost that we hope to recoup over future stages, which relies on being able to take the timber build option beyond the Gateway Precinct into the wider site.
- 4.11** We believe the timber buildings would be complementary to the envisaged residential uses within this Urban Precinct, and also complementary to the other land uses in the Gateway Precinct. Other uses are also possible within the Urban Precinct, depending on market demand at the time. BMC's submission seeks to enable this flexibility through the application of the Local Centre Zone to the Urban Precinct, aligning it with the Gateway Precinct.
- 4.12** It is critical to the success of the campus vision that tenants can be attracted to the next stages. As is the case in negotiations for leases in new builds, certainty of outcome is very important to the people trying to plan ahead for their office requirements. If there is any question over the consenting pathway, this will undermine discussions with prospective tenants.

5. CONCLUSION

5.1 We have worked hard over the past seven years to make sure that the Blue Mountains Campus delivers what forward-thinking organisations need for their businesses and their people — a resilient hub with sustainable NABERSNZ and Green Star-rated buildings, strong public transport links and great onsite amenity, all within an attractive green setting. What we have seen over this period is there is a strong demand for this type of office accommodation and as each stage completes, we only expect that demand to grow, along with demand for complementary uses such as residential. The nature of a hub is that the greater the existing population, the more attractive it becomes to future tenants and occupiers.

5.2 We are trying to achieve something new for Upper Hutt through our masterplanned campus. To have the best chance of success, a broad range of uses needs to be available across the BMC Site throughout the planning stages to enable BMC to adjust to market requirements throughout the course of the project. The uncertainty that would result from awaiting future Plan changes to achieve more permissive zoning or from potential notification of consent applications proceeding under the current zoning will seriously undermine the viability of achieving this vision, which is why BMC is seeking the relevant changes through this plan change process.

DATED 14 April 2023



David Ian McGuinness