

## 10. MUSIC CENTRE OF CHRISTCHURCH - FORMER CATHEDRAL COLLEGE PORTERY AND HOSTEL, BARBADOES STREET

<b>Officer responsible</b> Property Manager Environmental Policy and Planning Manager	<b>Authors</b> Pam Ellis, Property Services Manager Neil Carrie, Senior Planner City Design and Heritage
Corporate Plan Output: Environmental Policy and Planning: Heritage Buildings Retention	

The purpose of this report is to seek the Council's approval and financial support of a proposal by the Music Centre of Christchurch Trust Board to take over the former Cathedral College Portery and Hostel in Ferry Road as an extension of an existing lease to the Council of the adjoining premises (the former Catholic chapel and convent).

### BACKGROUND

In 1993 the Council approved a proposal to lease to the Council the former convent and chapel buildings and associated land in Barbadoes Street from the Sisters of our Lady of the Missions for the purpose of establishing a Christchurch City Music Centre. The buildings which are listed heritage buildings of considerable architectural and historic significance, were under threat of demolition in 1993. Having recognised the importance of the retention of these buildings, the Council endorsed the Music Centre proposal as meeting the heritage, cultural and community objectives of the Council. From the owner's viewpoint, the use of the buildings as a music and cultural centre was considered to be compatible with and sensitive to the uses of the adjoining church properties but it was a requirement that the Council alone should be the head lessee.

The proposal was therefore approved on the following basis:

- Land and buildings to remain the property of the Catholic Church.
- Lease by The Sisters of Our Lady of the Missions to the Council of the Convent and immediately adjoining land for an initial period of 20 years less 1 day, plus the right to extend the term to 66 years if the Council obtains a subdivision consent. Annual rental \$1.00.
- Council responsible for all outgoings, structural upgrading, repair and maintenance of the premises throughout the whole of the term of the lease.
- Council pay the Sisters \$100,000 in compensation for loss of revenue from recoverable materials had the buildings been demolished.
- Sub-lease from the Council to the Music Trust which would, in turn, sublet to various approved tenants.
- Music Trust assumes all the responsibilities of the Council's lease as to outgoings, maintenance, upgrading etc and management of the City Music Centre.

Owing to the Change of Use and long term lease, the buildings and property became subject to requirements under the Building Act and Resource Management Act for seismic strengthening, fire protection, fire egress and subdivision registration. The costs of this restoration and conversion was estimated at the time at \$931,485 of which \$410,000 was contributed from Lotteries Board and Trustbank Canterbury and a further grant of \$100,000 from the Council. To meet the funding shortfall, the Council approved a loan of up to \$420,000 to the Music Trust plus 100% rates remission.

The Music Centre Trust is a charitable trust for the purposes of subleasing the property from the Council.

### **PROPOSAL TO ACQUIRE PORTERY BUILDINGS**

In August 1999 the Music Centre expressed a desire for more space and the possibility of acquiring the adjoining Portery and Hostel Buildings was discussed with the Sisters of Our Lady of the Missions. It is understood that there was another expression of interest for use of the area which could have resulted in the demolition of the buildings. However, the Sisters indicated their preference for an extension of the Music Centre activities on the basis of the Council being the head lessee as with the present buildings. The Music Centre and Council officers have jointly undertaken investigations into the possible acquisition. The Music Centre for its part has particularly considered occupancy issues with current and prospective tenants who will support an extension of the Centre's activities on this site. Council officers have arranged technical building reports and facilitated discussions on possible funding of the proposal.

### **HISTORY AND SIGNIFICANCE OF PORTERY BUILDINGS**

The buildings known as the Portery Buildings are in fact two buildings, the 1902 Portery building (or Parlour Block) and the 1920s Hostel building both connected by a two-storey link. A 'Portery' is the entrance to a convent complex where guests and goods were received.

The Portery buildings are located on Ferry Road on the edge of a larger site of very significant historical and heritage importance.

The Order of the Sisters of Our Lady of the Missions purchased the land in 1868 and they had temporary accommodation, including a 'Portery', built in 1872. Permanent structures began with the construction of their Convent in 1882. This was followed by the present Portery Building in 1902 and the Convent Chapel in 1908.

The neighbouring Catholic Cathedral was completed in 1905. The Hostel building was built in the 1920s for boarding accommodation for the Sacred Heart School. The Sisters of Our Lady of the Missions is a teaching order which operated the school next door, now named Cathedral College.

Originally a stand-alone building, the Portery building was connected to the Convent in 1915 with a single storey link. This adapted to a two-storey link in 1919, and extended more recently to link the Convent with both the Portery and Hostel buildings.

The architect for the Portery building is unknown. However, the brick, limestone construction and slate roof relate it to the Convent building, designed by Francis Petre, and Josef Munnings' Convent Chapel.

While the Gothic arch of the original link echoes those of the Convent, the Portery building is simpler in detail. The later Hostel building repeats the materials of brick and slate, but is simpler again in its detailing with Georgian proportions. The modern link is a utilitarian addition.

Both Portery and Hostel buildings were, until recently, used as a school boarding facility with kitchen, dining room and dormitories. Apart from what appears to be a former hostel matron's flat, the buildings have been unoccupied for the last two years.

These buildings at 140 Barbadoes Street are listed as Heritage Group 1 in the Proposed City Plan. If the Council does not confirm this opportunity for retention and reuse of the buildings, then they will become a Priority 1 Risk for demolition.

A location plan of the buildings is also tabled.

#### **TECHNICAL REQUIREMENTS**

A seismic study has been undertaken by Tyndall and Hanham Ltd to determine the strength of the buildings in an earthquake and to ascertain the extent and cost of upgrading works which would be required in accordance with the New Zealand Building Act as a result of the proposed change of use. These requirements will include structural strengthening and fire protection, including sprinkler system.

A building condition report was also undertaken to ascertain the extent of other capital and maintenance items requiring funding in the short and longer term.

A resource (subdivision) consent in accordance with the Resource Management Act will also be necessary to allow the Council to take up a lease term longer than 20 years. This provision is in the existing lease and, pending resolution of car parking and easement issues, such subdivision has not yet been completed. Acquisition of the additional Portery buildings and surrounding land may assist to resolve these issues as a whole.

## COSTS

The technical reports and investigations have established in broad terms the potential costs and viability of the additional Music Centre proposal on an ongoing basis. Capital cost estimates, revenue, cash flows and sources of funding therefore represent as accurately as possible a likely financial scenario on the basis of the best information available at present.

### SUMMARY OF COSTS

#### Capital Expenditure:

Seismic strengthening	\$227,000
Fire sprinklers	60,000

#### Essential Maintenance Works:

##### Stage 1 (immediate):

Link roof timber repair Ferry Road verandah	15,000
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##### Stage 2: (within 3 years)

Roof flashings and painting	50,000
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(Music Centre to budget additional \$5,000 per annum during Stages 1 and 2 for general maintenance work.)

##### Stage 3: (5-10 years)

Portery painting and stone repair (Estimated \$25,000. Music Trust to budget additional \$5,000 per annum towards these improvements)	25,000
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\$377,000

Contingency	23,000
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Total: \$400,000

There will, in addition, be legal costs in lease preparation and subdivision which the Council would expect to recover from the Music Centre.

### REQUEST FOR USE BY MUSIC CENTRE

The Music Centre of Christchurch has been operational since 1994 and has steadily built support from the total local musical community. The Centre states that it is working well but it has been recognised that it has a distinct lack of space.

It has opportunity to acquire the Portery buildings as a result of the generosity of The Sisters of Our Lady of the Missions and the Council is urged to take up this lease offer and financially assist the project.

The Music Centre is currently operating on a break-even basis. It is anticipated that the addition of the Portery buildings will improve the centre's financial circumstances and create a small surplus. Tabled are statements of the Centre's operational expenses relating to the current building and its estimates for the additional Portery buildings, if obtained, together with a breakdown of room charges and projected income stream to support the operation.

### **Funding Request**

The Music Centre is anticipating that it will receive support from the Council and The Community Trust, and will make application to the Lotteries Board and Creative New Zealand. The request for support from the Council is based on the following funding expectations:

Christchurch City Council	\$100,000
Lotteries Board	\$100,000
The Community Trust	\$100,000
Creative New Zealand	\$50,000
Music Centre of ChCh (\$5,000 p.a. for 10 years, as per budget, from rental stream)	<u>\$50,000</u>
	<u>\$400,000</u>

Currently, a fundraising programme is running which includes an annual musical instrument sale, house and special event concerts, donations and grants from various philanthropic organisations.

This fundraising and expected grants have, however, yet to be achieved and it will take some months for the Music Centre to establish occupancy of the building if the proposal is approved. The Sisters of Our Lady of the Missions have extended considerable latitude to the Council and the Music Centre whilst the proposal has been under consideration. The Sisters have been facing holding costs of approximately \$100 per week and, not unexpectedly, have now placed a deadline of 30 September 2000 for the Council and the Music Centre to confirm their commitment to the proposal and/or to agree to meet holding costs until formal abandonment of the proposal.

## **Previous Loan and Grants**

The original loan of up to \$420,000 was provided to the Trust at commercial rates for a period of 3 years with principal repayments based on a 15-year table loan. It was a further condition of the loan that the Trust or the Trust's tenants did not approach the Council for additional debt funding, or remission of debt interest, or operational grants while the loan was in place. The terms of the loan were, however, modified in 1996 so that interest was waived subject to the capital being repaid at a rate equivalent to the interest payable on the original amount of the loan. The Trust is now making regular twice yearly repayments and has currently repaid \$158,117. Repayment on this basis will be completed in April 2009. The Environmental Policy and Planning Unit is paying the interest on the original loan, amounting to \$21,400 in the current financial year. The Trust receives an annual grant from the Council, the amount in the current year being \$45,000.

## **DISCUSSION**

The research undertaken by the Music Centre indicates that the addition of the Portery buildings to its operation would provide a positive income result over five years. Currently the Music Centre has interest for space from more organisations than can be accommodated in the existing premises. Further, the budget predictions show that there are economies of scale in running the additional buildings as part of the total Music Centre operation.

The possibility of the Council's commitment to the project was discussed recently at a meeting between members of the Music Centre Trust Board, Councillor Close (Chair, Strategy and Resources Committee), Councillor Crighton (Chair, Environment Committee) and Councillor Evans (Council appointee on the Trust Board). General support for the project was recommended and it was considered that a firm funding commitment of \$100,000 from the Council would provide a catalyst to other funders to contribute to the project. It was suggested that the Council's agreement to commit to the project be on the basis that the Music Centre would meet the holding costs requested by the Sisters until full funding was confirmed and a formal lease put in place.

It is suggested that the source of the Council's \$100,000 contribution by way of grant, if approved, would be Heritage Building Purchases Fund (Capital). To be capital expenditure, the Council would have to spend the money on an asset it owned. This is possible with a leased building but only applies to what are called "leasehold improvements" (e.g. changes or fitout that aid the tenant to use the building. Expenditure on the building proper such as earthquake strengthening does not normally fall within the category of leasehold improvements.

Although funding is only available from the Heritage capital account, the Director of Finance has agreed that in this instance the funding of the grant can come from this source, although it must be recognised in the accounts as an operational expense. The Environmental Policy and Planning Manager agrees with this approach to funding subject to the necessary approval.

#### **CONCLUSION**

The Council has previously recognised the importance of the retention of the Catholic convent and chapel on the Barbadoes Street site by supporting the establishment of the Music Centre of Christchurch on this site. The Music Centre in turn has now established its operations on a cost-neutral basis and is providing a valuable contribution to the promotion, study and performance of music and associated arts in the City of Christchurch. The Sisters of Our Lady of the Missions are again making a generous offer to the Council and Music Centre of buildings which will otherwise likely be the subject of application for demolition. The Portery buildings are of significant heritage value and worthy of the Council's consideration to obtain at reasonable cost and retain as an extension of the Music Centre's current operations. With the seeding funding from the Council, the Music Centre is confident of obtaining the external funding necessary to support the proposal. Accordingly, the proposal is recommended for approval by the Council.

The above report was before the Environment Committee at its meeting on 14 September 2000. The Committee supported the proposal outlined in the report.

The Chairman commented:

“Rental revenue of \$48,000 per year from prospective tenants who have confirmed their interest as against estimated outgoings of about \$32,000 per year demonstrate that the Music Centre will be able to operate the new buildings without further input of public funds if a sum of about \$370,000 can be raised. Even if revenue has been over-estimated by 10% and outgoings under-estimated by 10% there will still be a comfortable surplus. The budget allows for \$5,000 ordinary building maintenance and \$5,000 towards the building maintenance and improvement programme.

The Music Centre has demonstrated its ability as a restorer and manager of heritage buildings. It has received significant financial support from the Council to achieve this, but the acquisition of the new set of buildings will, in time, enable the Centre to come close to financial self-sufficiency.”

**Recommendation:**

1. That the Council support the proposal by the Civic Music Centre Trust Board to extend its operations to the Portery buildings.
2. That the Council agree to enter into a Heads of Agreement with The Sisters of Our Lady of the Missions to lease the Portery buildings on the same terms and conditions as the existing lease of the Convent and Chapel on the same site, subject to:
  - (a) The Civic Music Centre Trust Board entering into a sublease with the Council, taking on the full obligations of the head lease and managing and using the Portery buildings in the same manner as the present sublease.
  - (b) The Trust Board meeting all costs of necessary maintenance, strengthening and compliance with statutory and legal requirements.
  - (c) The Trust Board confirming the necessary funding to undertake all the above works.
  - (d) Possession of the building not occurring until funding of \$200,000, in addition to the Council's contribution, is confirmed.
  - (e) The Trust Board paying the Sisters' holding costs of \$100 per week pending confirmation of the funding,
3. That, subject to the above, the Council agree to contribute \$100,000 by way of grant from the Heritage Building Purchases Fund.
4. That the Sisters be thanked for their generous offer to the city.