3. FUTURE OF THE ADMINISTRATION BUILDING ON THE FORMER HILLMORTON HOSPITAL SITE

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PURPOSE OF REPORT

1. The purpose of this report is to seek a recommendation from the Board to the Council on the future of the Administration Building on the former Hillmorton Hospital site.

EXECUTIVE SUMMARY

2. The Hillmorton Hospital site has been purchased by Ngai Tahu Property Limited (NTPL) from the Canterbury District Health Board. Under a Consent Order issued by the Environment Court dated 5 June 2003 the Christchurch City Council can, within three months of subdivision consent being granted, purchase the administration building. If this purchase does not happen then the heritage listing is automatically removed. The subdivision consent was granted on 7 September 2006 and thus the date for the satisfaction of the conditions set down in the Environment Court is 7 December 2006.

3. While the remaining section of the Administration building does have heritage value, due to the loss of context through the demolition of the balance of the site this has been reduced. This, combined with the costs to protect and refurbish the building, does not justify its retention from a heritage perspective. The lack of potential in the building to be utilised effectively for one or more community purposes (as has been done in the past for various buildings) further makes the investment required to bring the building up to standard prohibitive.

4. The Community Support Unit has undertaken an analysis of community group needs and desires regarding facilities in the vicinity. Their analysis shows that there is demand for low cost meeting room space and some low cost permanent accommodation in the area, and that they believe the Hillmorton building could, with modification, suitably house one or two groups as a permanent venue and could conceivably, with considerable investment, be expanded. However, the belief of the Unit is that the Administration building has no particular advantages for community use and that the needs of the community could, should the Council wish it, be better met through the development of purpose built facilities.

5. The Greenspace Unit has agreed upon the area they want for the reserve contribution, and this has focused on the parks and trees on the site and does not include the building.

6. Initial Council estimates to bring the building up to a usable standard are $450,000 plus GST and consent costs. This does not include any cost of purchase for the building or the land it stands upon.

7. Although the majority of those present at the public meeting convened on 18 May 2006 by the Spreydon/Heathcote Community Board supported the retention of the building their perception of the heritage value of the building, is not supported by expert advice, as the uses to which the building can be put are extremely limited and there are alternate ways to create a monument to the demolished complex and the work that was carried out there.

8. NTPL has indicated that it would be prepared to negotiate a sale to the Council based on a purchase price for land and building of $530,000, with a requirement for an estimated $550,000 of work to bring the building to an acceptable standard within approximately twelve months.

9. There is no budgetary provision for the acquisition of the land and building or the conservation of the building.

FINANCIAL AND LEGAL CONSIDERATIONS

10. There is no provision in the 2006/2016 LTCCP for the purchase of this land and building. As the expenditure is unbudgeted there is no officer delegation to sign a contract for this amount. A Council resolution is thus required to commit to the deal.

11. There is no requirement in the Local Government Act 2002 that the Council has to adopt the special consultative procedure in dealing with this matter. However, it is obliged to identify all practical options for the old administration building, the benefit and cost of each option, consider community outcomes and the impact of each option on the Council's capacity to meet its statutory responsibilities.

12. Council staff have taken appropriate steps to comply with these obligations. Community views and preferences have been taken into account in preparing the report. It is not intended that further consultation be undertaken before the Council can consider and make its decision.

STAFF RECOMMENDATION

That the Board recommend to the Council that Option 2 be implemented for the Administration Building on the former Hillmorton Hospital site; to maintain the status quo (i.e. do not meet the pre-conditions as set out in the Consent Order as issued by the Environment Court on 5 June 2003, thereby waiving the option to purchase) but to retain the fountain in the reserve land and develop a memorial to the wider Sunnyside complex that is more in keeping with a residential subdivision. This could be done in consultation with community and mental health groups and looking to outside funding sources.

CHAIRPERSON'S COMMENT

It is regrettable that the Council report lacks balance and fails to adequately address options other than demolition. It is of serious concern that the Council's Heritage Conservation Policy, which includes working with community groups to find new uses for heritage buildings, has not been followed.

CHAIRPERSON'S RECOMMENDATIONS

(a) The Community Board should endorse the Conservation Plan.
(b) Option 3 should be supported, in addition to retaining the fountain in the reserve land.

BACKGROUND

13. The Hillmorton Hospital Administration Building (formerly Sunnyside Hospital) is sited at 1 Lincoln Road and was constructed between 1871 and 1891 for use as a hospital.

14. The building is a remnant of a larger complex (see attachment 1) that was listed as a Group 2 heritage building (includes buildings, places and objects which are of national or regional importance, the protection of which is seen as important where this can reasonably be achieved).

15. The proposed listing was for the whole Sunnyside complex as a Group 2 building, and was incorrect in attributing the listed portions of the complex to the architect BJ Mountfort (Cane and Campbell/Public Works Department also designed buildings within the complex).

16. The DHB submission was to remove the whole of the Sunnyside complex from the heritage listings. The reporting officer (Dr Peter Richardson) and the NZHPT recommended that the whole of the complex remain a Group 2 listed heritage item. Dr Richardson identified the west wing and the central block as particularly significant and "…accepted that the administration building was arguably the best known feature and public face of the asylum." The DHB engineer identified the west wing as the most significant component of the complex and the most feasible to retain and market, followed by the Administration building. The DHB valuer however, considered the Administration building to be the most feasible to retain and market. Although Dr Richardson stated "…it would be unwise to limit consideration of listing or conservation to a specific part of the complex", and there is no indication in the decision that he or NZHPT considered that the administration building alone be listed as a Group 2 heritage item, this was the decision made by the Council.

17. The complex consisted of buildings designed by various architects. The belief is that the Administration Building was designed by Campbell. The remainder of the main hospital building on the site has been demolished and significant areas of the hospital site are being developed for a residential subdivision.

18. The Administration building was designed and functioned for over 100 years as offices. The building is only one room wide, approximately 7 metres. A central entrance foyer separates what was a public counter, typist and administration offices to the west and doctors' offices to the east. The rooms are generally 6m x 4m with all of the ground floor walls, except one, load bearing masonry walls.

19. The second floor has two 3.5 metre x 6 metre offices at either end, a smaller 3.5 metre x 4.5 metre central office behind the front gable, and two service rooms between. The stair runs along the northern wall. All the walls are load bearing.

20. The third level within the floor space is accessed by a narrow winding stair and comprises a landing, one small room and a larger space.

21. As a result of a City Plan reference to the Environment Court appealing the heritage listing of the Sunnyside Administration building, Healthlink South and the Christchurch City Council confirmed through a Consent Order by the Environment Court on 5 June 2003 the following:

22. "*The proposal put to the Court is one which involves two key elements. Firstly, that a subdivision consent is granted for the development of the Health Board land (Sunnyside); and secondly, that the administrative block land is not acquired by the Council within three months. If those two pre-conditions are met then the listing in the appendix, and consequently its protection as a historic building, would lapse."*

23. NTPL has now completed the purchase of the Hillmorton Hospital site. The subdivision consent has been granted and NTPL have written to ascertain the Council's intentions for the site.

24. The City Council has a three month period (ends 7 December 2006) in which to negotiate with NTPL over the acquisition of the building if its heritage listing is to remain. NTPL are not required to sell the property to the Council and the Council is under no obligation to purchase it. If the negotiations are unsuccessful NTPL will be permitted as of right to deal with the building as they see fit.

KEY ISSUES

Heritage

25. At the request of the Spreydon/Heathcote Community Board a heritage conservation plan was prepared with financial support from the Community Board. The report identifies where the physical fabric of the building has heritage merit, but this is only one factor in the consideration of the overall merit of the building. Other criteria considered in the assessment of heritage values have been reduced due to the demolition of the balance of the site, and our heritage planners are clear that a building remnant on an historical site does not automatically have the same intrinsic value as that ascribed to a full heritage site.

26. The heritage team assessed the significance of the whole of the Sunnyside asylum complex prior to the notification of the City Plan in 1995. The complex was complete at that time, apart from the east wing which had been demolished. The heritage significance of the complex was recognised and listed in the City Plan as a Group 2 heritage place. The subsequent demolition of the whole complex apart from the remnant of the Administration block has resulted in a significantly reduced heritage value. The present heritage value of the Administration building has been assessed by the Council heritage team (including Jenny May, author of the heritage conservation plan) and is included as Attachment 2. This reassessment approaches the building as if it were being evaluated now as a stand alone entity and as such assesses the building as being likely to attract a Group 4 listing (includes buildings, places and objects which are of metropolitan significance and/or involve a contribution to the heritage of the city, the protection of which will be encouraged by the Council.)

27. While it is agreed that the remaining section of the Administration building does have heritage value, due to the loss of context through the demolition of the balance of the site this has been reduced. This, combined with the costs to protect and refurbish the building, does not justify its retention from a heritage perspective. The lack of potential in the building to be utilised effectively for one or more community purposes (as has been done in the past for various buildings) further makes the investment required to bring the building up to standard prohibitive.

28. The building has also been recently assessed (18 August 2006) by John Gray of Oakley Gray Architects Limited of Dunedin at the request of NTPL as part of their submission to the Historic Places Trust (HPT) consideration of Registration of the Building. The Historic Places Trust has been aware of the sunset clause for the listing in the City Council's District Plan for a number of years. Notwithstanding this, the Trust has not proposed Registration until essentially the eleventh hour. John Gray's report (Attachment 3) states that "this building would now be classified an Earthquake Prone, Dangerous and Insanitary Building, under Sections 121-123 of the Building Act 2004 and Building Amendment Act 2005". He concludes that he agrees with the Council's reassessment in that it lowers the "overall assessed ratings of Significance for the former Administration Building, since the other buildings have been removed from the site." He also states that in the HPT proposal "the majority of the significance is attributed to the site, the now demolished buildings, and what they represented as opposed to this particular building."

POSSIBLE USES

Community Facility

29. The Community Support Unit has undertaken an analysis of community facilities in the vicinity (Attachment 4). The summary of their analysis states:

- There is a general accommodation issue for a number of groups in the Spreydon area which involve a number of Spreydon Baptist groups.
- There is a lack of low cost meeting room facilities available.

- There are groups which need permanent, low cost shared accommodation (e.g. Spreydon Baptist Church).
- There are groups that need independent, permanent, low cost accommodation (e.g. New Harvest Trust).
- That if the Hillmorton Building was available, this would not solve the overall accommodation issue for community groups in this area. It could however, alleviate some of the need; with modification it could suitably house one or two groups as a permanent venue. And it could conceivably, with considerable investment, be expanded into a community facility such as an arts centre with meeting space.

30. The belief of the Unit is that the Administration building has no particular advantages for community use and that the needs of the community could, should the Council wish it, be better met through the development of purpose built facilities.

Commercial or Commercial/Residential Combined

31. NTPL commissioned a report from Fright Aubrey Valuers on possible uses for the building (Attachment 5). They have severe misgivings as to the viability of commercial or commercial/residential combined options. "The location of the property in the middle of a residential subdivision coupled with the building design, construction and configuration limits the range of economically feasible activities. We are aware it has been suggested that the property would be suitable for a café/bar or similar such commercial activity. We have severe reservations the property would be suitable given its lack of profile with no main road frontage and potential opposition from residential neighbours in the subdivision." In summary they state that "both valuation scenarios produce a negative value for the property inclusive of land and building. We conclude retaining and upgrading/refurbishment…is uneconomic." They go on to consider the impact of the retention of the building on the remaining subdivision and conclude that the opportunity cost or loss in potential value resulting from redesign of the subdivision and retaining the building to be $494,500.

Residential

32. At the time of the public meeting of 16 May 2006 one couple expressed an interest in purchasing the building and converting it to a private residence.

COSTS

33. NTPL in a letter dated 28 September 2006 (Attachment 6) have outlined the terms of sale for the building and land. In summary these are:

- Purchase price of $530,000.
- A binding condition to bring the building up to a standard fully compliant shell specification (before fit out) by the time the first new houses in the development receive code compliance (estimated at September 2007).
- Right of approval over any future building design, alteration or landscaping.
- Approval of any proposed use and any lease or sale to a third party.
- Any conditions to be binding on any future owner.

34. In a previous report we have estimated the costs for the seismic, fire, maintenance, toilets and internal upgrading appropriate for community use are approximately $450,000 (excluding consultants' fees and GST.) Fright Aubery estimate the work to upgrade to shell only at $550,000.

35. In summary, in order to purchase the building and the land on which it stands the Council will need to commit to an estimated $1,080,000 unbudgeted this financial year. If the desire is to purchase the adjoining lot then a further $180,000 is estimated to be required.

OTHER INTERESTED PARTIES

36. The Historic Places Trust has notified their wish to register the Administration building and a substantial parcel of land as a Category 1 historic place under section 24(3) of the Historic Places Act 1993. Submissions close on the 3 November 2006. Staff are preparing a submission on this for the consideration of the Council.

37. The Spreydon/Heathcote Community Board formed a Hillmorton Working Party chaired by Phi Clearwater. The Board convened a public meeting in May attended by a mix of local residents and those from outside the area with an interest in the building. There was a majority support to retain and preserve the building. Those supporting the retention cited the architectural and heritage significance of the building, the fact that it is the only remnant of a much larger complex, and that its use as a community centre would reinforce the value of the building as part of the history of Christchurch.

38. Two spoke regarding their belief that ratepayers' money should not be used on this project as there were higher priorities for the use of Council funds. One who supported the demolition of the building cited the difficulty of reconciling retaining the building with past bad memories and/or experiences and feeling that it was time to leave behind the institutional memories evoked by the building and move to the future.

39. The Board also partly funded the Conservation Plan for the building and has acted as a liaison with the Historic Places Trust and others with an interest in the building. Potential future uses of the building have been discussed, as has the idea of forming a community trust similar to that which had occurred with the Old Stone House and the Sydenham Church. They have also met recently with Mr Mark Solomon, Kaiwhakahaere, of Te Rūnanga o Ngāi Tahu.

OPTIONS

Option 1

Do nothing - maintain the status quo, i.e. do not meet the pre-conditions as set out in the Consent Order as issued by the Environment Court on 5 June 2003, thereby waiving the option to purchase.

Option 2

As for Option 1 but retain the fountain in the reserve land and develop a memorial to the wider Sunnyside complex that is more in keeping with a residential subdivision. This could be done in consultation with community and mental health groups and look to outside funding sources.

Option 3

Enter negotiations with NTPL to secure the building and land. If the Council is to acquire the land quickly then it could resolve to contract to purchase conditionally, the contract being subject to:

- Resource consents for subdivision and the future use to which the Council will use the site.
- Consideration of any heritage requirements and assessment of these against the proposed future use.
- Structural survey to ascertain state of the building, any renovations to bring the buildings up to standard and their cost.
- Completion of consultation pursuant to Ss 77- 79 of the LGA and reported back to the Council for determination in terms of S.79.
- The Council resolving to commit to the unbudgeted expenditure to purchase and renovate and identifying a source for this expenditure.
- The above items being the subject of a full report to the Council where the final commitment to purchase is made.

PREFERRED OPTION

To adopt Option 2 and work with appropriate community and mental health groups to design an appropriate memorial and secure funding for it.

ASSESSMENT OF OPTIONS

Option 1
Do nothing - maintain the status quo, i.e. do not meet the pre-conditions as set out in the Consent Order as issued by the Environment Court on 5 June 2003, thereby waiving the option to purchase.

	Benefits (current and future)	**Costs (current and future)**
Social		
Cultural		Loss of building of historical interest
Environmental	Secure park-like grounds on the site	
Economic		Avoids $1,080,000 of unbudgeted expenditure in the 06/07 financial year plus ongoing maintenance costs.

Extent to which community outcomes are achieved:
Primary alignment with community outcome "A Well-governed City".

Impact on Council's capacity and responsibilities:
Responsible planning and financial prudence

Effects on Maori:
No effects on Maori identified.

Consistency with existing Council policies:
Heritage Conservation Policy 1999 – 7.1 To work with building owners, developers and community groups to find compatible new uses for under-utilised heritage buildings and heritage buildings at risk of demolition.

Views and preferences of persons affected or likely to have an interest:
Historic Place Trust are seeking to enter the building on the register as a Category 1 historic place

Other relevant matters:

Option 2

As for Option 1 but retain the fountain in the reserve land and develop a memorial to the wider Sunnyside complex that is more in keeping with a residential subdivision. This could be done in consultation with community and mental health groups and look to outside funding sources.

	Benefits (current and future)	**Costs (current and future)**
Social	Interpretive panels/memorial will allow greater understanding of the significance of the site for users of the reserve.	
Cultural		Loss of building of historical interest
Environmental	Secure park-like grounds on the site	
Economic		Avoids $1,080,000 of unbudgeted expenditure in the 06/07 financial year plus ongoing maintenance costs.

Extent to which community outcomes are achieved:

Primary alignment with community outcome "A Well-governed City".
Secondary alignment with "A City of Lifelong Learning" & "An Attractive & Well-designed City.

Impact on Council's capacity and responsibilities:

Responsible planning and financial prudence

Effects on Maori:

No effects on Maori identified.

Consistency with existing Council policies:

Heritage Conservation Policy 1999 – 7.1 To work with building owners, developers and community groups to find compatible new uses for under-utilised heritage buildings and heritage buildings at risk of demolition.

Views and preferences of persons affected or likely to have an interest:

Historic Place Trust are seeking to enter the building on the register as a Category 1 historic place

Other relevant matters:

Option 3

Enter negotiations with NTPL to secure the building and land.

	Benefits (current and future)	Costs (current and future)
Social		Some past users of the Sunnyside Hospital complex see the building as a symbol of past treatment viewed negatively.
Cultural	Acquisition of building of historical interest but low significance	
Environmental	Secure park-like grounds on the site	
Economic	$1,080,000 of unbudgeted expenditure in the 07/07 financial year plus further costs to develop into usable space plus ongoing maintenance costs.	

Extent to which community outcomes are achieved:

Primary alignment with An Attractive & Well-Designed City – Our lifestyles and heritage are enhanced by our urban environment and ensuring our heritage is protected for future generations.

Impact on Council's capacity and responsibilities:

Inconsistent with the 2006/16 LTCCP.

Considerable work needed to meet LGA requirements for this unbudgeted item.

Effects on Maori:

No effects on Maori identified.

Consistency with existing Council policies:

Inconsistent with 2006/16 LTCCP
Against staff advice as to heritage significance and expenditure on heritage items

Heritage Conservation Policy 1999 – 7.1 To work with building owners, developers and community groups to find compatible new uses for under-utilised heritage buildings and heritage buildings at risk of demolition.

Views and preferences of persons affected or likely to have an interest:

Historic Place Trust is seeking to enter the building on the register as a Category 1 historic place.

Other relevant matters: