

14. AIDANFIELD FARM BUILDINGS

General Manager responsible:	General Manager Strategy and Planning, DDI 941-8177
Officer responsible:	Programme Manager, Liveable City
Author:	Neil Carrie, Principal Adviser, Heritage and Urban Design

PURPOSE OF REPORT

1. The purpose of this report is to consider the terms and potential costs of a possible agreement with Aidanfield Holdings Limited (“AHL”) for the purchase (and thus retention) and external restoration of the heritage granary and shearing shed farm buildings at 20 Nash Road, Halswell on the site of the former Sisters of Mercy complex of Mt Magdala (“the farm buildings”) at Halswell.

EXECUTIVE SUMMARY

Previous Report to Council

2. The Council considered a report on the possible purchase of the Aidanfield farm buildings and associated land at a meeting on 20 September 2007. The staff recommendations contained in that report did not support the Council purchase of the farm buildings due to the lack of the need for additional recreation reserves in the subdivision, the lack of budget provision for the restoration of the buildings and the lack of any identified uses for the buildings. The Council resolved that the report lie on the table, a site visit be undertaken for staff, elected representatives and external interests to consider options to save the granary and shearing shed and report back to Council. The Council resolution of 20 September 2007 provided for elected representatives and external groups to be involved with the discussions and any subsequent negotiations for retention. The Council also requested that the Network and Asset Planning Unit advise why the area was not considered suitable for a reserve. The previous report is provided as Attachment 1.
3. Following the Council's decision, but independent to it, Aidanfield Holdings Ltd (AHL) applied for a resource consent to demolish the farm buildings. This was granted by the Council and the consent was appealed by the Halswell Residents' Association and Environment Canterbury (with the NZ Historic Places Trust as a Section 274 party). The appeals seek the retention of all farm buildings on the site.
4. In response to both the Council decision and the appeals lodged against the Council's consent, communication was opened up with a number of parties. These included Aidanfield Holdings Limited, the Riccarton/Wigram Community Board (to facilitate the identification and development of any potential long term owners or occupiers of the buildings), the Halswell Residents' Association, Environment Canterbury and NZ Historic Places Trust.

Negotiations with Aidanfield Holdings Limited

5. Discussions occurred with Mr P Mahoney on behalf of Aidanfield Holdings Limited (AHL) on 11 December 2007. It was agreed that AHL would respond with a proposal for the Council on the basis of the potential retention of the granary and shearing shed and associated land.
6. A proposal dated 31 January 2008 was received by the Council from AHL and is included with this report as Attachment 2. The proposal suggests an indicative area of land, land cost and proposes that the Council enter into a formal land covenant to be registered against the title to the land requiring the Council to complete certain works within a specified period of time. The scope of works, construction time line, and the issue of building consents for demolition were to be agreed. A letter from AHL dated 18 March 2008 estimates the costs of upgrading the farm buildings and associated land that had been noted previously by AHL to be in the order of \$700,000–\$750,000. This contrasts to the estimate of staff to secure the buildings to a reasonable state at \$262,000. This latter figure was based on both the condition report by Stewart Ross Team Architecture and the earlier and updated Rawlinson's cost report (March 2008). This would provide for the buildings to be restored to a good state of external repair (including repainting), for the shearing shed to be repiled, steel window repairs and with some necessary timber roof repair. An allowance has been made for stormwater drainage and ongoing maintenance. Conservation would also be consistent with the provisions of the ICOMOS (NZ) Charter which is the recognised NZ standard for heritage conservation works.

7. The resulting advice received from AHL on the 28 March 2008 (Attachment 3) states that "...this (*Council's estimate*) suggests a bare minimum of work ... and falls well short of maintaining a standard of amenity compatible with a residential subdivision." AHL state that the buildings would be required to be restored and maintained "... to a standard compatible with the immediate locality and environment, which forms part of an expanding and developing high quality residential location".
8. The specific implications of these statements from AHL in relation to the brick and corrugated iron farm buildings are not apparent. It would appear that an acceptable standard of renovation for AHL could be determined by their anticipated upgrade costs (as stated in their letter of 31 January 2007) of \$700,000 - 750,000,. According to advice from AHL, these estimates do not anticipate the costs of upgrading for any specific (and currently unidentified) uses.
9. Therefore while AHL have indicated a willingness to sell the land and buildings to the Council, they have specific expectations as to the level of refurbishment they would wish to bind Council to in any agreement. This position stems from a desire to ensure that the final buildings complement and possibly enhance the attractions of the surrounding subdivision, rather than detract from it. This concern is also reflected in their expectation that any works be carried out in a timely manner.
10. If negotiations are to continue with AHL then an agreement on the scope of works would require the scheduling of all building elements to be upgraded and the nature and extent of the work identified and agreed with AHL. Further works not apparent before construction would also need to be agreed and subsequently included in the schedule.

Contributions from other Parties

11. In addition to negotiating with AHL, letters requesting the involvement of interested parties to be included in the process and possible contributions were sent to Environment Canterbury, the Riccarton-Wigram Community Board, the NZ Historic Places Trust (NZHPT) and the Halswell Residents Association. A meeting with Environment Canterbury in response related only to the Appeals to the Council decision on demolition and that it was not its role to own or fund heritage buildings. The Riccarton-Wigram Community Board has advised that the Board were not able to assist through facilitating the formation of any Trust, the President of the Halswell Residents Association advised that the Association had no funding to promote the retention of the buildings, and the NZHPT advised they could not make any direct contribution as they do not include the farm buildings in their Heritage Register. Consequently it is apparent that irrespective of the amount required to fund the purchase and/or restoration of the buildings that no other form of funding source other than Council has been identified. It should also be noted that no potential owners or uses of the buildings have been identified through the process either. Indeed had an active user been identified the costs predicted for the building restoration would have been significantly higher and include structural strengthening, the provision of services to the site and the establishment of ablution facilities and other core elements.

Environment Court Appeal

12. The resource consent application by AHL for the demolition of all of the listed Heritage Aidanfield farm buildings (except the brick granary) was approved by Council in a decision dated 30 November 2007. This decision was appealed to the Environment Court by Environment Canterbury, the Halswell Residents Association, and the New Zealand Historic Places Trust as a s274 party in support of Environment Canterbury. The Environment Court required that the parties to the appeal undertake mediation. This took place on 31 March 2008.
13. No outcome was achieved from the mediation which would have provided the basis of a potential settlement of the appeals. Legal counsel for the Council requested that the parties to the appeal provide 'concrete' proposals for retention of the farm buildings including the scope of the proposal, the costs for retention, repair and re-use, and financial support. No proposals have been put forward and no actual uses have been identified as a result of the mediation to date. Further mediation may occur if the Council agrees to consider the retention of the buildings.

Acquisition as Recreation Reserve through Development Contributions

14. In its earlier report staff noted the cost of purchasing the farm building site would be in addition to the normal reserve contribution requirements for the development. The development contributions for stage 7A and 7B Aidanfield were based on the LTCCP level of service of 4.7 ha per 1000 population for urban parks. All the reserve land acquired through the reserve development contributions was purchased at the Development Contributions rate of \$13,806 including GST per HUE (household unit equivalent). This purchase did not extend to the additional land sitting under the historic buildings. The approved subdivision plan for Aidanfield Stage 7 A and B (S.16082 Revision 7) is included as Attachment 4. The recreation reserve land, the cemetery and the farm buildings are indicated on the plan.
15. The stage 7 subdivision negotiations also delivered the old cemetery site at no cost to the Council. This land was additional to the reserve contribution from this stage. A section of reserve was also acquired as part of stage 7 to link the subdivision to the adjoining 145 ha Canterbury Park which is a regional park of mixed use including walking, sports, natural areas, open agricultural land, horse riding and the A&P Association.
16. The proposed reserve beside the cemetery obtained through development contributions contains none of the historic buildings. Two residential lots were held back for the buildings being lots 827 and 787. The Council does not require this land as part of the recreation reserve land contribution.
17. The reasons the farm buildings land is not considered appropriate for Recreation Reserve is:
 - Some 2.7870 ha have been taken as reserve contribution to provide four main neighbourhood parks and recreation walking links. There are green links along the proposed southern motorway and the upper Heathcote River corridor to form walkway linkages.
 - The four main neighbourhood parks provide the required recreation spaces.
 - Lots with higher density housing have been provided beside the wide river corridor.
 - There are also areas of local purpose drainage reserve providing greenspace which are not part of the reserve contributions but are a requirement to satisfy stormwater treatment and retention.
18. Some of the Aidanfield Reserve contributions have been taken as cash. This has been identified to develop the parks space with landscaping, walking paths, seating and recreation facilities. The unallocated development contribution equivalent to \$454,000 (which will be taken as cash) will be used for this purpose and is sufficient to provide for the level of service open space given there will be 227 lots.

Acquisition as an 'Historic Reserve' through Development Contributions

19. The Council could purchase the land under the historic buildings from the capital programme reserve purchases as contained in the LTCCP WBS 562/423 (Strategic Reserve Purchases) and the reserve classified as Historic Reserve. This is separate to the development contributions for reserves in the immediate subdivision. The estimated cost of the land for 1740m² is \$488,000. Authority to use the reserve development contributions is contained in the Development Contributions Policy 2007 ("DCP") as described below.

20. At paragraph 3.3.1 of the DCP it states:

“The Council will take development contributions of either cash and/or land towards providing reserves for open space and recreation from subdivision and/or development, depending on which will more effectively add to the quality, diversity and distribution of open spaces and recreation areas in the city, as determined by the Council's Area Plans Programme and other mechanisms concerning **strategic land acquisition.**”

The basis for development contributions for reserves is the additional actual or potential demand anticipated for open space and recreational land consequent to subdivision and/or development; that is, its effects in terms of land use and intensification. ...

21. The Council will seek cash and/or land contributions where they will provide for one or more of the following:

- The purchase or acquisition of **regional reserves** including coastal areas, the plains, wetlands and the Port Hills, for the **protection and conservation of natural, cultural and heritage landscapes**, ecology and features and to contribute to the 'Garden City' image;
- And other purposes permitted by Sections 205 and 206 of the LGA.

22. This land would not be suitable as a regional reserve, but can come under “other purposes permitted by Sections 205 and 206 of the LGA”, because section 205 of the LGA allows the use of development contributions for reserves for the following:

(c) the purchase of land or an interest in land –

- (i) to be held for conservation purposes under the Reserves Act 1977:
- (ii) that is, or will be, subject to a conservation covenant under section 77 of the Reserves Act 1977:

23. The Reserves Act 1977 sets out different reserves classifications, and these include Recreation Reserves, Historic Reserves, and Scenic Reserves etc, although none of the different types of reserves in the Reserves Act has a purpose expressly using the words “for conservation purposes” a classification as a Historic Reserves, under section 18 of the Reserves Act, means it is “for the purpose of protecting and preserving in perpetuity such places, objects, and natural features, and such things thereon or therein contained as are of historic, archaeological, cultural, educational, and other special interest.” This would appear to satisfy the need that the land be held for conservation purposes. The Council could therefore purchase the land using reserves development contributions for the purpose of making it a Historic Reserve under the Reserves Act 1977.

24. There will also need to be landscaping of the site and a car park. The landscaping costs are \$30,000 and car park \$40,000 and these costs could be funded directly from the (cash) reserve development contributions that are derived directly from stage 7 of the subdivision.

Council Costs Update

25. The area of land identified by AHL is 1740 square metres and the market value (subject to agreement on land area) is \$488,000 excluding GST. The previous report to Council estimated the land area as 1630 sq metres and costs of \$450,000. However, these were not able to be confirmed based on the approved subdivision plan since the approved plan did not anticipate the retention of these particular heritage buildings with associated allotments.

26. The AHL advised land area and value has been used in the financial summary below since this is within the scope of the previously advised area and costs, but would be subject to final negotiations on land area and valuation if Council agrees to continue consideration of purchase.

27. The following Council staff updated cost summary based on figures from AHL (land area and valuation) and Rawlinson's, (conservation, stabilisation, maintenance, re-painting and repair of the brick granary and shearing shed excluding GST). The potential for the use of the capital programme reserve purchases (Development Contributions) as a funding source has also been identified.

Land Cost	\$488,000	(Development Contribution - Strategic Reserve Purchases Fund)
Site works	30,000	(Development Contribution)
Car Park	<u>40,000</u>	(Development Contribution)
	\$558,000	
Building Upgrades	212,000	(New funding required)
Storm water Services	25,000	(New funding required)
Professional Fees	<u>27,000</u>	(New funding required)
	\$264,000	

Total Estimate: Initial Costs \$822,000

Ongoing annual maintenance \$5,000 per annum (New funding required)

28. Upgrade costs for specific uses are not ascertainable, but additional upgrade costs could be in the range of \$500 to \$3000 per square metre depending on the anticipated use of the building. Uses associated with the upper cost range would be potentially unacceptable due to a high level of probable intrusion and loss of integrity of the heritage buildings. The area of the shearing shed is 168 square metres and the granary approximately 250 square metres giving an upgrade cost range of \$209,000 (lower) to \$1,254,000 (upper).

Aidanfield Holdings Costs

29. AHL consider that the final costs for the repair and conservation only of the two heritage buildings would be in the region of \$700,000–\$750,000 excluding land costs, which is approximately the mid-point of the estimated cost range for additional upgrades outlined above. AHL have confirmed the basis for their estimate of the building upgrade costs, which while not subject to any detailed analysis, would be the level of expenditure required to meet their expectations for the scope and quality of the renovation works required if purchase is to be considered.

30. The initial project costs based on the AHL position and using the lower end of their range would be as follows:

Land Cost	\$488,000	(Development Contribution - Strategic Reserve Purchases Fund)
Site works	30,000	(Development Contribution)
Car Park	<u>40,000</u>	(Development Contribution)
	\$558,000	
Building Upgrades	700,000	(New funding required)
Storm water Services	25,000	(New funding required)
Professional Fees	<u>27,000</u>	(New funding required)
	\$752,000	

Total Estimate: Initial Costs \$1,310,000

FINANCIAL IMPLICATIONS

31. The total initial cost of the farm buildings including upgrade is analysed above and is estimated at between \$822,000 and \$1,310,000 depending on the level of initial upgrade. The cost is further split for funding source purposes:

	Possible Funding Source	Base Case	AHL request
Land related costs	Development Contribution Strategic Reserve Purchases Fund	558,000	558,000
Initial upgrades and other costs	New funding required	264,000	752,000
Estimated Initial Cost		\$822,000	\$1,310,000

Should the property be purchased and the land classified as a historic reserve, funding of \$558,000 from the Strategic Reserve Purchases budget would be required. The Reserve's budget for the 2008 year is \$1,800,000, of which \$100,000 has been spent or committed to date.

32. There are no dedicated budget funds available for the building stabilisation, external upgrades and ongoing maintenance of the two Aidanfield farm buildings and the associated land. The estimated initial cost excluding the land is:

Minimum	\$264,000
Estimate as requested by AHL	\$752,000

33. The Council does operate a Historic Places Fund (past purchases include Sydenham Heritage Church, Grubb Cottage). However, the fund is intended to be a revolving fund to acquire and pass buildings on to long term owners. No future long term owners have been identified. In addition the funding gap for the Council (assuming it will purchase the land from the Strategic Reserve Purchases Fund) is not for the buildings (which have no asset value) but for the restoration. The use of this fund to finance the restoration of the buildings is not consistent with the funds purpose.
34. Similarly there is no current budget provision for the maintenance of the land and buildings which is estimated at \$5,000 per annum.

Do the Recommendations of this Report Align with 2006-16 LTCCP budgets?

35. No. While City Development includes, as an objective, the retention of heritage to be measured by the importance that Christchurch's heritage be retained for the future, this must be weighed against the fact that heritage retention, in this instance is currently unbudgeted for in the 2007/08 Annual Plan or the 2006-16 LTCCP for the costs of the upgrading of the two farm buildings or the annual maintenance costs of the land and buildings.

ALIGNMENT WITH STRATEGIES

36. Greater Christchurch Urban Development Strategy (UDS)

1. Heritage development projects provide opportunities for increased commercial and residential activity in the city while at the same time enhancing the heritage townscape. The UDS considers heritage as an integral part of Christchurch and an aspect of growth management provided for is through the protection, maintenance and enhancement of heritage.

Christchurch City Plan

2. Heritage protection is consistent with the Heritage provisions of the City Plan. Volume 2, Part 4 which provides objectives and policies for Heritage protection.

New Zealand Urban Design Protocol

3. Heritage development projects improve the quality and design of the urban environment by protecting the heritage of the city, which is stated in the Protocol as being an attribute of successful towns and cities. The retention of Heritage will contribute towards the implementation of the New Zealand Urban Design Protocol, to which the Council is a signatory.

South-West Christchurch Area Plan (Draft)

4. Policy 3.2 provides for protection of priority heritage places in south-west Christchurch. Policy 3.5 provides for mechanisms to consider ways of incorporating heritage elements into new developments.

Do the recommendations align with the Council's strategies?

37. Yes. While the previous staff recommendation did not provide for acquisition by the Council of the farm buildings as a means of heritage retention the City Plan recognises that for Group 2 heritage buildings protection for these buildings is limited to where this can be reasonably achieved.

LEGAL CONSIDERATIONS

38. The Council is under no legal obligation to purchase the farm buildings and the associated land.
39. The LTCCP/Development Contributions Policy, through the Local Government Act 2002, provide that a developer can be required to provide the Council with a Development Contribution for reserves either through the provision of land, cash in lieu or a combination of both. However, for the reasons set out above the Network and Asset Planning Unit has determined this land is not suitable to be purchased as recreation reserve, under the Development Contributions Policy and other criteria of the Council.
40. There is, however, the possibility that the land could be purchased as Historic Reserve under the Reserves Act 1977, using reserves development contribution funds, on the basis set out in the section above entitled "Acquisition as a "Historic Reserve" through Development Contributions".
41. Section 18 of the Reserves Act 1977 permits the classification of reserve as "historic reserve" for the "purpose of protecting and preserving in perpetuity such places, objects, and natural features, and such things thereon or therein contained as are of historic, archaeological, cultural, educational, and other special interest". That section goes on to provide that historic reserve is to be administered and maintained so that "the structures, objects and sites illustrate with integrity the history of New Zealand" and that in general terms the "public shall have freedom of entry and access to the reserve".
42. Section 58A of the Reserves Act 1977 provides that "the administration body with the prior consent of the Minister ... may from time to time grant leases or licences to any person, body, voluntary organisation, or society (whether incorporated or not) for domestic residential purposes or for the carrying on of any activity, trade, business, or occupation in any building or on any specified site within the reserve and grant leases of any such building or site for any such purpose or purposes". Such leases may not exceed a term (including all renewals) of more than 33 years.
43. A resource consent application was lodged to permit the demolition of the buildings, excluding the brick granary. The Council has approved the application for demolition of these farm buildings but this decision is presently the subject of an appeal by the Halswell Residents' Association and Environment Canterbury (with the New Zealand Historic Places Trust as a s274 party to the Environment Canterbury appeal). This legal process is running in parallel to the Council's direct negotiations with AHL. The appeals are for the retention of all of the farm buildings.

44. It is possible for the Historic Places Trust or other parties approved by the Minister of Conservation as Heritage Protection Authorities to give a Notice of Requirement for a Heritage Order to the Council to protect the buildings under s189 of the Resource Management Act 1991. However, there has been no suggestion that any such action is likely, or that the Historic Places Trust has the evidence to support such an action. The Historic Places Trust does not register the buildings as historic places.
45. Environment Canterbury and the Halswell Residents Association have made appeals against the Council decision to the Environment Court, with the NZHPT as a s274 party to the Environment Canterbury appeal as noted above. This legal process is running in parallel to the Council's direct negotiations with AHL. The appeals are for the retention of all of the farm buildings. Insofar, as the CCC/AHL negotiations are for a potential agreement for retention of only the granary and shearing shed buildings, any agreement which may be reached regarding the protection of these buildings will be subject to a decision of the Environment Court with regard to all of the farm buildings.
45. The proposal received from AHL is essentially that the Council would purchase the land and the farm buildings at an agreed price and that the Council would enter into a land covenant registered against the land for the benefit of AHL under which it would be obliged to restore the farm buildings to an agreed standard within an agreed timeframe. The Legal Services Unit has some concerns around AHL's apparent insistence on the Council entering into a registered land covenant to secure the Council's obligation to restore the farm buildings. The Legal Services Unit's view is that a registered land covenant is not the correct legal instrument to be used in these circumstances. Further, if the land was purchased as historic reserve under the Reserves Act 1977 it would not be possible to register such an instrument against the land title. In any event the Legal Services Unit's advice is that if the Council was prepared to enter into such an obligation that it do so in the form of a contractual term contained in the purchase agreement rather than through the medium of some type of legal instrument formally registered against the land title.

Have you considered the legal implications of the issue under consideration?

46. Yes. AHL has accepted that the brick granary and the shearing shed buildings and associated land may be purchased for the purpose of retention subject to final agreement on the conditions of such an agreement. This outcome is still subject to the Environment Court decisions on the wider appeals against the Council decision to allow for demolition of the farm building complex in its entirety.

ALIGNMENT WITH LTCCP AND ACTIVITY MANAGEMENT PLANS

47. Heritage protection is aligned to the Community Outcome 'An Attractive and Well-designed City'. This provides for, among other things, ensuring "our lifestyles and heritage are enhanced by our urban environment".
48. One of the objectives under the Strategic Direction Strong Communities provides for "protecting and promoting the heritage character and history of the city" (Goal 7, Objective 4).
49. 'City Development Activities and Services' aims to help improve Christchurch's urban environment among other things. One activity under City Development provides for Heritage Protection.
50. City Development Activities and Services provide for reserves contributions through the Development Contributions Policy Part 3 s 4.1.1 Development Contributions.

Do the recommendations of this report support a level of service or project in the 2006-16 LTCCP?

51. No. The LTCCP supports heritage protection but the retention of the Aidanfield farm buildings other than for land acquisition is not an identified project, and no budgetary provision has been made for this purpose.

CONSULTATION FULFILMENT

52. The Council has addressed the parties to the appeal with regard to the possible negotiated position of the Council and AHL. There is no requirement to consult more widely on this issue.

STAFF RECOMMENDATION

The recommendation to Council remains unchanged from that made in September 2007 as follows:

- (1) That the Council does not purchase land in the Aidanfield Stage 7 subdivision for the purpose of the retention of the heritage farm buildings at 20 Nash Road.

It is further recommended:

- (2) That the Council continue to oppose the appeal lodged by the Halswell Residents' Association and Environment Canterbury which seeks the retention of all of the Aidanfield farm buildings.

However, if the Council is of a mind to support the acquisition of the granary and shearing shed farm buildings and associated land at 20 Nash Road then it is recommended that the Council:

- (a) Grant delegated authority to the Corporate Support Manager to negotiate and enter into an agreement for the purchase of the granary and shearing shed buildings and associated land at 20 Nash Road, Christchurch as a historic reserve under the Reserves Act 1977 on such terms and conditions as he shall see fit (including the acceptance of an obligation on the part of the Council to restore those buildings within an agreed period of time at its cost) to be funded from the Regional Reserves budget .
- (b) Approve the classification of the land area associated with the granary and shearing shed farm buildings as an historic reserve under s18 of the Reserves Act 1977.
- (c) Approve additional unbudgeted funding over the 2007/08 and 2008/09 financial years of up to \$752,000 to restore the Aidanfield farm buildings.
- (d) Approve additional ongoing budget of \$5,000 per annum for the maintenance of the restored structures.
- (e) Instruct officers to seek a consent order with appellants to allow for the retention of the Aidanfield farm buildings as heritage buildings to be owned by the Christchurch City Council.

BACKGROUND (THE ISSUES)

Council Options

58. The Council's options at this stage are therefore:

- To decide to purchase the land and buildings generally on the terms offered by AHL as set out in Attachment 2; or
- To require re-consideration of the terms and conditions of any purchase agreement with AHL regarding purchase; or
- To take no further action with regard to the purchase of the land and buildings.

There are no parties other than the Council who have any expressed interest in the purchase or use of the land and farm buildings.

59. The Aidanfield farm buildings are listed as Group 2 heritage in the City Plan. The background issues and recommendation are dealt with in the previous Council report of 27 September 2007 (Attachment 1) which should be referenced for the purposes of this report.