

## 43. FORMER TEMPLETON HOSPITAL – PROPOSED COUNCIL INITIATED PLAN CHANGE

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**PURPOSE OF REPORT**

1. This report seeks a Council resolution directing staff to prepare a plan change to facilitate the re-use of the former Templeton Hospital site, with costs of the plan change to be shared between Rookwood Holdings Ltd and the Council. This follows the Council's decision to decline Private Plan Change 23 for the same site in May 2010 and the subsequent appeal by the requester (Rookwood Holdings Ltd).

**EXECUTIVE SUMMARY**

2. Following discussions with Rookwood Holdings Ltd regarding their appeal on private Plan Change 23 (PC23), staff have developed a framework for re-zoning the site acceptable to Rookwood Holdings Ltd. On the basis of the proposed tailored zoning and a cost-sharing agreement, staff have agreed to seek a Council resolution to initiate a change to the City Plan which will facilitate development on the former Templeton Hospital site. The proposed plan change would enable existing uses such as the Westmount School, Canterbury Youth Development Programme, and driver training to continue operating, as well as facilitating new business uses. Council staff and Rookwood Holdings Ltd have held initial discussions as to what business uses might be anticipated by the plan change and what environmental outcomes might be sought. Key outcomes include maintaining rural aspect and noise environment, rural-based business activity, and retention of the existing school, and compatibility with the existing objectives and policies in the City Plan, and with Proposed Change 1 to the Regional Policy Statement (PC1).
3. The former Templeton hospital is located one kilometre north of Templeton and is 66 hectares. It is currently zoned Special Purpose (Hospital) but, for uses not health-care related, reverts to the Rural 2 (Templeton – Halswell) zone. The site contains a significant number of buildings and internal roads related to the former hospital, and also Westmount School buildings.
4. PC23 related specifically to the former hospital site and sought to rezone the site to a new Business 4M (Maddison Park) zone, based largely on the Business 4T (Suburban Industrial - Technology Park) zone provisions. PC23 was declined because it was not the most appropriate way to achieve relevant objectives and policies of the City Plan, particularly those at Volume 2 Section 6 (Urban Growth). The site is also outside the urban limit as delineated in PC1.
5. Rookwood Holdings Ltd has appealed against both PC23 and PC1. The appeals on PC23 and PC1 are scheduled to be heard together as part of the PC1 hearings.
6. The options available to the Council are:
  - (a) Initiate a plan change to appropriately provide for re-use of the site;
  - (b) Consult with Rookwood Holdings Ltd as they prepare a private plan change to appropriately provide for re-use of the site;
  - (c) Negotiate with Rookwood Holdings to amend PC23 in a manner which suits both parties and implement the agreed position through an order from the Environment Court;
  - (d) Defend it's decision on PC23 in the Environment Court, and seek that the site would retain the existing Special Purpose (Hospital) and Rural 2 zoning; or
  - (e) Address the site as part of the District Plan Review.

43 Cont'd

7. After evaluating these options Council staff have concluded the promoting a Council initiating plan change is the most appropriate option in terms of section 32 of the Act. Rookwood Holdings would prefer to work with the Council to prepare a plan change which is consistent with Council principles and which could be completed in a relatively short time frame. Facilitating the re-use of the site would create a degree of public benefit in the employment created by construction / demolition work at the site, and subsequently increased employment on a more permanent basis. Having particular regard to Section 7(b) of the Act, amending the City Plan to facilitate re-use of the site would make efficient use of existing resources on the site including, existing buildings and infrastructure of value that would be re-used and retained in good condition, thereby avoiding the visual amenity issues referred to by the PC1 Commissioners.
8. Use of the site for urban activities would not align well with the City Plan nor PC1. Also it is unlikely that reverting to a Rural 2 Zone would be a sustainable option under the circumstance, particularly as it would permit as of right a significant number of dwellings within the noise contours of Christchurch International airport.
9. The key issue is whether it is possible to achieve a balance between enabling the site and existing infrastructure to be used efficiently whilst maintaining the integrity of the City Plan and PC1. Council staff consider option (a) – to initiate a plan change – would achieve such a balance and is the best of the available options. Initiating a Council plan change provides the Council with a greater degree of control than a private plan change would, and allows a wider range of potential uses than a consent order.

**CONSULTATION**

10. Council staff have been in consultation with Rookwood Holdings Ltd over several months.

**FINANCIAL IMPLICATIONS**

11. Each of options (a), (c) and (d) would likely cost between \$75000 and \$100000. Options (b) and (f) would likely cost less than \$20000. Option (e) would fall within the District Plan Review budget. For options (a) and (c), Rookwood Holdings have agreed to contribute 50 per cent of the costs up until the decisions are notified.
12. It is noted that Rookwood Holdings Ltd have yet to fully settle their account relating to PC23. The total amount was disputed and some relief given.

**Do the Recommendations of this Report Align with 2009-19 LTCCP budgets?i**

13. As above.

**LEGAL CONSIDERATIONS**

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

14. The process set out in the RMA must be followed and there are no particular legal implications provided the process is followed correctly.

**ALIGNMENT WITH LTCCP AND ACTIVITY MANAGEMENT PLANS**

**Do the recommendations of this report support a level of service or project in the 2009-19 LTCCP?**

15. The project supports Activity Management Plan for 2009-19 LTCCP – Activity 1.3 District Plan – Preparing, maintaining, and reviewing the Christchurch City District Plan.

43 Cont'd

**ALIGNMENT WITH STRATEGIES**

**Do the recommendations align with the Council's strategies?**

16. The Greater Christchurch Urban Development Strategy (UDS) seeks greater intensification and development in and around existing urban centres through containing urban growth within prescribed urban limits. The site is outside the urban limits described in the UDS and subsequently in the decision on PC 1 (although this is subject to appeal). Given the location of the site, only option (d) could provide for urban activities and even this option would require a change to PC1 . This report, however, concludes there are significant public and private benefits provided by option (a) through facilitating the re-use of the site without compromising the UDS or PC1.

**STAFF RECOMMENDATION**

That the Council direct staff to prepare a plan change which would appropriately provide for the existing uses and additional business activities for the ex-Templeton Hospital site in accordance with the principle set out in this report.

**BACKGROUND & DISCUSSION**

17. The former Templeton Hospital is located on Kirk Road one kilometre north of Templeton, between State Highways 1 and 73. It is 66 hectares (refer to **Attachment 1**). The hospital closed in March 2000 and was sold by the Canterbury District Health Board to Rookwood Holdings Ltd. The site is currently used for the Westmount School (established in 2006, and the subject of two temporary resource consents), Canterbury Youth Development Programme, and driver training. It contains a significant number of buildings and internal roads related to the former hospital and also Westmount School buildings. Many of the hospital buildings are disused but are generally in good condition. Some may require repair or refit with at least one being potentially uneconomic to repair.
18. The site has vehicle access to both Maddisons and Kirk Roads, and State Highways 1 and 73 are close to the site. Stage 2 of the Christchurch Southern Motorway (CSM2) is likely to bypass Templeton, however, the New Zealand Transport Authority (NZTA) have yet to determine the exact route of CSM2. In the event that CSM2 did bypass Templeton, it is likely that the site would continue to have good vehicular access to State Highway 1.
19. The site is also close to the Christchurch Men's and Women's Prisons, Nova Trust (drug and alcohol rehabilitation centre) Brackenridge Residential Estate (long-term housing for people requiring significant mental health care), Waitaha Learning Centre, and a chapel.
20. Activity at Ruapuna Motor-sport Park is clearly audible from the site, and the air traffic associated with the international airport is significant. Airport noise contours (55dBA) cover the bulk of the site.
21. The relevant statutory documents are Proposed Change 1 to the Regional Policy Statement (PC1), the Urban Development Strategy (UDS), and the City Plan. The site is outside the urban limit as described in the first two documents, and urban development on this site would be inconsistent with the objectives and policies in Volume 2 Section 6 of the City Plan (Urban Growth). Any re-use would therefore need to fall outside the definition of 'urban activity'. That said, PC1 did not identify the need for additional business land in this area, and in fact allocates additional business land elsewhere.
22. The PC1 Commissioners in their decision, however, identified three sites where, in their view, a case might be made for allowing development outside the urban limit to offset remediation costs. The three sites are the Islington Freezing Works (the subject of Plan Change 19 which has been heard and a recommendation is pending), Belfast Freezing Works, and the subject site. The PC1 Commissioners considered that the remaining hospital buildings could potentially be significantly detrimental to the amenity of the area in the future. Policy 13(b) was drafted by the Commissioners to take account of this type of site and provides an opportunity to re-use sites like this outside the urban limit.
23. The site is currently zoned Special Purpose (Hospital) in the City Plan but reverts to the Rural 2 (Templeton – Halswell) zone for uses not health-care related. PC23 sought to rezone the site to a new Business 4M (Maddison Park) zone, based largely on the Business 4T (Suburban Industrial - Technology Park) zone. PC23 was declined because it was not the most appropriate way to achieve relevant objectives and policies of the City Plan, particularly those relating to Urban Growth. Rookwood Holdings Ltd has appealed the decision, citing a lack of consideration of the positive aspects of PC23, and that PC23 would better achieve the objectives and policies of the City Plan.
24. Although PC23 was declined, the Commissioner in his recommendation to the Council expressed an opinion that a rural use was unlikely to recur at the site, and noted that the PC1 Commissioners were also of this opinion. The PC23 Commissioner also considered the re-use of the site for health-care facilities to the extent originally envisaged is equally unlikely. It can be concluded from this that the existing zoning pattern is not the most efficient or effective means of achieving the purpose of the Act.

43 Cont'd

25. Rookwood Holdings Ltd and Council staff have met a number of times to discuss whether there is a way forward which might be efficient and effective. The outcome of these meetings was an agreement that Council would prepare a plan change to provide for the re-use of the site in an appropriate manner, subject to a resolution from the Council to this effect. Rookwood Holdings Ltd prefer to work with the Council to prepare a plan change consistent with Council principles and which could be completed in a relatively short time frame. Rookwood Holdings Ltd would share the cost of preparation. It is noted that the previous plan change (PC23), declined by the Council in April 2010, included a large amount of information which will still be useful. Relying this information where appropriate will reduce costs relative to preparation of the plan change for a site without such planning history.
26. Determining how the site might be re-used in an efficient and effective manner has been a focus of these discussions. The current proposal anticipates retention of the existing activities, including the school, Canterbury Youth Development Programme facilities, and driver training. It also anticipates an SPCA or similar establishment, healthcare facilities in keeping with the existing Special Purpose (Hospital) zoning, and general Business 6 (Rural Industrial) activities. Modifications are likely to be required to make such a zoning appropriate. For example, there is no height limit for the B6 zone and a site coverage of up to 40% is relatively high for this area. Residential uses were not considered appropriate given the location of the site outside the urban limit and under the 50 & 55dBA Ldn noise contours for the Christchurch International Airport.
27. Re-use of the site would provide public benefit through employment which would be created by construction / demolition work at the site, and subsequently economic development and employment on a more permanent basis. Amending the City Plan to facilitate re-use of the site would also offset or cover the costs of remediation, and existing buildings and infrastructure of value may well be re-used and retained in good condition, thereby avoiding the visual amenity issues referred to by the PC1 Commissioners.
28. Further, any development of the site needs to avoid or mitigate adverse effects on the surrounding environment, including from the additional traffic or noise, and impact on landscape, and avoid the uneconomic extension of services to a site on the periphery of the Council's infrastructure.
29. On balance, Council staff consider that the re-use and remediation of the site is the most appropriate method of achieving the purpose of the Act, and that re-use could be achieved in a manner which would not be inconsistent with PC1, the UDS, and the objectives and policies of the City Plan.
30. The options available to the Council are:
  - (a) Initiate a plan change to appropriately provide for re-use of the site;
  - (b) Consult with Rookwood Holdings Ltd as they prepare a private plan change to appropriately provide for re-use of the site;
  - (c) Negotiate with Rookwood Holdings to amend PC23 in a manner which suits both parties and implement the agreed position through an order from the Environment Court;
  - (d) Defend it's decision on PC23 in the Environment Court; or
  - (e) Address the site as part of the District Plan Review.

**OPTIONS****Option (a) – Council Plan Change**

31. This option involves Council staff preparing a new plan change to provide for the appropriate re-use of the site. The plan change would recognise and provide for present uses such as the existing school, Canterbury Youth Development Programme, and driver training, healthcare facilities, as well as new business uses. It is likely to include rules on bulk and location and site coverage provisions in line with the existing Rural or Special Purpose Hospital zones, rather than a traditional business zone. The City Plan already includes a number of business zones, but none, as noted above, are considered appropriate in their current form.
32. Council staff and Rookwood Holdings Ltd have held initial discussions as to what business uses might be anticipated by the plan change and what environmental and strategic outcomes might be sought. The draft outcomes are:
- Maintain open rural visual aspect ie non visually intrusive buildings from public spaces.
  - Maintain rural related activities ie low scale, rural based commercial activity.
  - Retain relatively quiet environment (exception of aircraft noise).
  - Compatibility with current users of the site.
  - Compatibility with current zoning.
  - Compatibility with PC1.
  - Lower vehicular movement numbers.
  - Desire to use existing infrastructure where possible/appropriate.
  - No hazardous/contamination activities.
33. Initiating a plan change should only be considered if there is public benefit available. As described above, it is considered that the re-use of the site could have significant public benefit, particularly in terms of employment in an area generally lacking in employment opportunities. The Council would have a significant amount of control over the content of the plan change while accommodating Rookwood Holdings Ltd within the bounds of what is considered reasonable for the site. This option also reduces the risk of the Environment Court making a decision on PC23 that does not align with what the Council seeks, or a Commissioner for a private plan change making a recommendation similarly.
34. PC23 as discussed above was lodged in May 2007 and there are records of discussions between the applicant and Council officers dating back to July 2004. Although it is likely that the District Plan Review will consider whether the existing Special Purpose (Hospital) zoning is appropriate it is likely to be some years before the Review is to a stage where re-use of the site could commence. Given that Council officers consider re-use of the site could be achieved in an appropriate manner, and the amount of time elapsed already, it is the view of officers that it is reasonable to address the matter in advance of the District Plan Review.
35. Council staff have discussed costs with Rookwood Holdings Ltd and at the time of writing, they were agreeable to a 50/50 cost sharing arrangement. On this basis, costs to the Council would not be dissimilar from those for defending the PC23 decision. This option would require the most staff resources

**Option (b) – Private Plan Change**

36. This option involves Rookwood Holdings Ltd and their consultants preparing a private plan change, which is intended be prepared in consultation with Council staff. The Council would have less control over the final provisions than for a Council plan change, however the applicant is unlikely to prepare a change which the Council may not support and which exposes it to risks of incurring more costs and expense. If the private plan change were appropriate, the Council has the option to adopt it as it's own at the time of notification.

43 Cont'd

37. The Council would incur less cost in the preparation of a private change and most of the demand on staffing resources would be post-lodgement, although similar issues with earthquake recovery work would occur.
38. This option also reduces the risk to the Council of the Environment Court making a decision on PC23 that does not align with what the Council seeks.

**Option (c) – Consent Order**

39. Having the Courts approve an outcome negotiated between the Council and the appellant (Rookwood Holdings Ltd) is a further option, with the Resource Management Act 1991 (RMA) providing scope to take any position on the continuum between what was sought by the requester/appellant and the decision.
40. The Council would prepare the documents and file them with the Court. This process would be similar to option (a) in that plan provisions would need to be prepared. Submitters would have the option to become party to the order as provided by s274 of the RMA and the matter would be heard in Court.
41. The disadvantage with this option is that the order is limited to the continuum as described above. It would not, for example, allow the Council to promote a land-use not originally contemplated. Preparation of a fresh plan change application would allow such.
42. Costs and demand on staff time would be about the same as for a private plan change, noting that a significant amount of legal advice and representation would be required.

**Option (d) – Defend the PC23 decision**

43. As noted above, the decision on PC23 by the Council has been appealed by Rookwood Holdings Ltd, as has Environment Canterbury's decision on PC1. The PC23 appeal would be heard as part of the PC1 proceedings.
44. The Council would incur significant costs in defending its decision and position on PC1, and although the decision is considered robust the issues are finely balanced and there is a possibility that the Environment Court may overturn it.
45. Remediation and employment benefits as described above might not result if this option were pursued, if the Council were successful.
46. If the Council agrees that there are some merits in the site being appropriately re-used then continuing on with the Court case is not the most efficient way to proceed.

**Option (e) – Address the site as part of the District Plan Review**

47. Staff consider that the site is very unlikely to return to health-care uses or rural uses given the amount of remediation which would be necessary. This type of matter is likely to be addressed by the District Plan Review, particularly now that it has been raised in PC1 as noted above, and through PC23. Strategic alignment issues would recur.
48. Although this option would have the same advantages as option (a), it would be delayed for what is now an uncertain period of time. It is likely that the appeal on PC23 will go before the Courts before the Review addresses the matter.