



BEFORE THE TIMARU DISTRICT COUNCIL HEARINGS COMMISSIONER

IN THE MATTER OF

RESOURCE CONSENT APPLICATION NO. 102.2016.141.1

MADE BY

BAYHILL DEVELOPMENTS LTD

A REPORT PREPARED UNDER

SECTION 42A OF THE RESOURCE MANAGEMENT ACT 1991

BY

ANDREW HENDERSON, CONSULTANT PLANNER

DATED

27 OCTOBER 2016

CONTENTS

1.0 INTRODUCTION..... 3

2.0 PROPOSAL DESCRIPTION 3

3.0 DESCRIPTION OF SITE & SURROUNDING ENVIRONMENT 5

4.0 DEVELOPMENT HISTORY 6

5.0 ACTIVITY STATUS..... 6

6.0 NOTIFICATION..... 8

 6.1 SUBMISSIONS RECEIVED 9

7.0 STATUTORY CONSIDERATION 10

8.0 ASSESSMENT OF APPLICATION 12

 8.1 ADEQUACY OF INFORMATION 12

 8.2 ACTUAL & POTENTIAL EFFECTS ON THE ENVIRONMENT 12

 8.3 ASSESSMENT OF APPLICABLE STATUTORY PLANNING DOCUMENTS 21

 8.4 ANY OTHER MATTER..... 27

9.0 PART 2 MATTERS..... 27

10.0 CONCLUSION 28

11.0 RECOMMENDATION 28

1.0 INTRODUCTION

1.1 GENERAL

This report sets out to provide an independent and objective assessment of the application in accordance with the Timaru District Council's statutory responsibilities to consider and determine the application. The report does not represent the views or opinions of the Commissioner or the Council.

1.2 QUALIFICATIONS AND EXPERIENCE OF THE REPORTING OFFICER

My Name is Andrew Henderson. I hold a BA and Master of Regional and Resource Planning (MRRP) from the University of Otago. I am currently employed as a Senior Associate Planner at Beca Ltd, and reside in Christchurch. I have over 21 years of experience, during which time I have worked for local authorities and in private practice. I am also an accredited hearings commissioner, and regularly sit as a commissioner for the Queenstown Lakes District Council, among others.

I have worked for Beca Ltd the past five years, and for six years prior to that was a Director of Boulder Planning (Otago) Ltd, a private consulting firm based in Dunedin (2005 – 2011). I was employed as a Principal Planner by Civic Corporation Ltd (CivicCorp), a private firm contracted to the Queenstown Lakes District Council between 2001 and 2005. I have also worked for the Dunedin City Council (1997 – 2001) and for the Wellington Regional Council (1994 – 1997).

My experience covers the full range of resource management activities, including assessing and reporting on resource consent applications through to the Environment Court, policy development (regional and district plans), notices of requirement, and public engagement and consultation.

2.0 PROPOSAL DESCRIPTION

Resource consent is sought to demolish the Hydro Grand Hotel building and to replace it with a mixed use development comprising three separate but linked buildings orientated around a northeast facing public courtyard. The three buildings comprise an office block (Building 1), an apartment block (Building 2), and a parking building and hotel (Building 3).

The proposal is described in detail in the resource consent application and associated documents prepared by Planz Consultants Ltd, dated July 2016. I refer the Commissioner to Section 3 of the Assessment of Effects on the Environment, the plans provided in Appendix 2c of the application, and the additional information provided by the Applicant on 7 October 2016, for a full description of the proposal.

In summary, the proposal comprises the following elements.

Office Building

The office building is located in the south eastern corner and will comprise six storeys, with a maximum height of 21.6 metres and a total gross floor area¹ (GFA) of 2,608m². The ground floor will contain food and beverage tenancies, with offices on the upper floors.

Residential Building

The residential building is located at the centre of the site, and will include residential apartments above the ground floor. The building will be linked at the ground and mezzanine

¹ It is noted that the GFA figure differs from the original application and plans. The Applicant explained in the further information dated 7 October 2016 that this figure corrects an error in the original Transportation Assessment provided with the application, which was identified by submitters. The original Transportation Assessment was based upon net rather than GFA, and did not account for the top floor of the office building which was added in response to the Urban Design Panel's feedback on the proposal.

levels to the office building to accommodate a mix of retail, food and beverage activities.

The proposed apartment building has a maximum height of 23 metres, and contains 5,295m² GFA across seven floors. The Applicant's Assessment of Environmental Effects describes it as follows:

The ground floor contains a food and beverage tenancy at the northern end of the building fronting The Bay Hill. The lobby and main entrance to both the apartments and hotel is located in the centre of the building facing out towards the proposed courtyard, with the ground floor also providing a connection to the proposed car park in the hotel building. A retail tenancy is also proposed on the south side of the ground floor, facing Sefton St East. At first floor level the apartment building contains a second retail or food and beverage tenancy facing The Bay Hill, and a second hotel lobby and meeting room area. The upper 5 levels of the apartment building contain residential apartments. Each floor generally contains 7 apartments, providing a total of 32 apartments. The apartments have a mix of one, two or three bedrooms, with individual apartments ranging in size from 48m² to 110m². All apartments have private balconies in addition to these internal floor areas.

Hotel building

The hotel building is located at the western end of the site and has frontage to Sefton Street East (State Highway 78) only. It will provide parking for the development on three levels, including the basement and a hotel above. The proposed hotel building has a maximum height of 21m, and contains 5,204m² GFA across six floors. A secondary pedestrian entrance to the hotel is also located on the Sefton Street East frontage. The hotel rooms are located on the upper four floors. Each floor contains 17 rooms, providing 68 rooms in total.

Floor Area by Activity

The further information provided by Traffic Design Group dated 7 October 2016 provides a breakdown of the total floor areas across the three proposed buildings by activity, as follows:

Activity	Quantity
General Retail	400m ² GFA
Food and Beverage	417m ² GFA
Office	2,298m ² GFA
Hotel	68 Rooms
Residential	32 Apartments

Car Parking

The Traffic Design Group further information dated 7 October 2016 describes the proposed car parking provision for the activity. It is noted that this information supersedes the original application, and identifies the parking required to comply with the District Plan requirements, and what is actually provided by the Applicant. This is represented in the table below:

Activity	Required Spaces	Spaces provided
Residential	32	32
Hotel	68	25
Office	46	33
Retail	0	0
Food and Beverage	8	0
Total	154	90

The proposal therefore has an overall parking shortfall of 64 spaces.

The car parks will be provided in Building 3, over three levels being the basement, ground floor and first floor. A single lane circular ramp will link each parking level, with access to the ramp controlled by signals.

3.0 DESCRIPTION OF SITE & SURROUNDING ENVIRONMENT

3.1 SITE LOCATION & DESCRIPTION

The site is located on the corner of The Bay Hill and Sefton Street East (State Highway 78), as shown in Figure 1 below. It comprises property at 5 – 7 Sefton Street East and 10 and 16 – 26 The Bay Hill. The properties are legally described as:

- Lot 1 DP3530 (592m²)
- Part Lot 3 DP3530 (837m²)
- Part Lot 2 DP3530 (118m²)
- Part Lot 2 DP3530 (45m²)
- Part Lot 3 DP11427 (937m²)

The total site area is 2,529m².



Figure 1: Subject site outlined by a yellow line.

The existing Hydro Grand Hotel (the Hydro Grand) building is constructed to the corner road boundary along a portion of the site's southern and eastern frontages, with the footprint occupying the majority of the 837m² title in which the building sits. The wider development site is vacant and is predominantly used for surface car parking on an asphalt surface.

The Hydro Grand building is listed in the Timaru District Plan ("the Plan") as a Category B heritage building, and is also registered under the Heritage New Zealand Pouhere Taonga Act 2014 as a Category II item (registration number 2052).

The history and heritage significance of the Hydro Grand are described in a heritage assessment undertaken by Mr Jeremy Salmond, (attached as **Appendix 6** to the application, with additional details provided in the Heritage New Zealand Pouhere Taonga (HNZPT) Listing Entry. This assessment has been peer reviewed by Mr Ian Bowman, as discussed later in this report.

The application identifies that the Hydro Grand was completed in 1913, and is a three-storey structure with a large gable roof and cupola. The site is triangular in shape, and this is reflected in the design of the building. The Hydro Grand has an open air central service core/light well, and the cupola feature is visually prominent on the Bay Hill-Sefton Street East corner.

The Hydro Grand's exterior walls comprise unreinforced brick masonry, and the building is finished in plaster on the exterior. The building has been unoccupied for over a decade and as such is in a somewhat dilapidated condition, with its seismic strength having been assessed at no more than 10% New Building Standard (NBS) and therefore categorised as being earthquake prone by the Applicant.

3.2 SURROUNDING ENVIRONMENT

The surrounding environment is described in Section 2.2 of the Assessment of Effects on the Environment provided by the Applicant. The Applicant's description accords with my observations from my site visit and I adopt the Applicant's description of the surrounding environment for the purposes of this report.

4.0 DEVELOPMENT HISTORY

4.1 DEVELOPMENT HISTORY OF THE SITE

There is no resource or building consent history relevant to the subject site or the present application. The Hydro Grand was constructed in 1913.

4.2 DEVELOPMENT HISTORY OF LAND IN THE VICINITY OF THE SITE

There is no resource or building consent history in the vicinity of the subject site that is pertinent to the consideration of the application.

5.0 ACTIVITY STATUS

Section 4.1 of the Applicant's Assessment of Environmental Effects identifies that the entire site is zoned Commercial 1A. The zone description states that the zone covers Timaru's main retail area, and seeks to retain the existing heritage and townscape values to provide an attractive pedestrian oriented environment for a wide range of activities including specialty shopping, commercial services, tourist and residential accommodation, and recreational and community facilities. I agree with this assessment.

The application also identifies that the Commercial 1A Zone north of Sefton Street East allows new development to a height of 20 m, in contrast to the greater balance of the zone, where it is restricted to only 12 m. Apart from the Industrial H Zone (the Port), this is the only area in central Timaru where the District Plan permits buildings of this height, which the Applicant considers clearly anticipates the 'top' of the Bay Hill (which includes the application site) being developed for large, landmark buildings.

Map 39 and the "Schedule of Heritage Buildings, Structures and Sites", classifies the existing Hydro Grand building as a Category B building. There are four buildings in the District Plan classified as Category A, and 31 buildings classified as Category B. The building also has a Category II classification from HNZPT.

Section 4.1 of the Applicant's Assessment of Environmental Effects sets out, in table form, the proposal's compliance with the relevant rules in the District Plan, and considers that overall the proposal requires resource consent for a discretionary activity.

I agree with the Applicant's identification of the permitted activity rules. I set out below the consents required by the proposal for the Commissioner's convenience.

Rule	Assessment	Activity Status
Part D 3 Commercial zones		
1.A.2 Controlled activities 2.1 Restaurants and licensed premises	The proposal includes restaurant/bar tenancies.	Controlled
1.A.3 Discretionary activities 3.2 The demolition of any building	The proposal is to demolish an existing building visible from a	Discretionary

<p>visible from a street frontage.</p> <p>3.2 The erection of any new building along a street frontage.</p> <p>3.4 Car parking provided access is not from Stafford Street.</p> <p>3.5 Any activity listed as a permitted, controlled or discretionary activity which does not comply with the performance standards for this zone.</p>	<p>street frontage, and erect three new buildings along a street frontage.</p> <p>The proposal includes car parking where access is not from Stafford Street.</p> <p>The proposed building fails to comply with some of the performance standards for the zone</p>	
1.A.5 Performance Standards		
5.1 Street frontage – buildings shall not be set back from The Bay Hill	The Office and Apartment buildings are partially set back from The Bay Hill	Discretionary
5.2 Maximum building height: 20m	<p>All three buildings are over the 20m height limit as follows:</p> <ul style="list-style-type: none"> • Office building = 21.6m; • Apartment building = 23m; • Hotel building = 21m 	Discretionary
Part D 6.7.2 Rules for vehicle access and loading		
(1)(a) Parking space dimensions	The proposed aisle width does not meet the required dimensions.	Discretionary
(2) Parking and loading spaces shall be located on the same site as the activity it relates to, shall be available at all times, and shall have adequate useable access.	The parking is located on the same site but will not be available at all times for visitors.	Discretionary
6.7.3 Performance standards for all zones (13) Sites fronting National, regional or district arterial roads and a secondary road shall have vehicle access from the secondary road	The proposed development has access from the State Highway and also has frontage to a local road.	Discretionary
6.7.5 Discretionary activities (2) Restaurants and retail activities with vehicle access from a state highway are a discretionary activity.	The proposed development includes retail and restaurant activities and has vehicle access from a State Highway	Discretionary
Part D 6.8 Parking		
6.8.3 Parking requirement: 154 parking spaces are required on the site.	90 parking spaces are proposed	Discretionary
Part D 6.12 Heritage		
Rule 6.12.2.7 Category B Buildings - Discretionary activities 3) Demolition or removal of the buildings from current sites.	The proposal is to demolish the existing Hydro Grand	Discretionary

I note for completeness the following General Rules:

6.0 *Unless otherwise provided for in this Plan all activities which do not comply with any General Rule are non-complying activities.*

- 6.0.1 *An exception to Rule 6.0 applies to the development of land essential to the ultimate establishment of a permitted, controlled or discretionary activity on that land by means of:*
- (1) *The alteration, removal or demolition of any structure or part of any structure in, on, under or over the land;*

I do not consider that Rule 6.0 is applicable to this application. The demolition of a Category II building is provided for in the District Plan as discretionary activity and I do not consider that the intention is to require a non-complying activity consent in this instance when the activity is specifically provided for as a discretionary activity in the Heritage Rules (which are General Rules). I consider that the non-complying activity rule is a default rule to capture activities that are not expressly provided for and which do not have an activity status specified. I also note that Rule 6.0.1 provides a further dispensation from Rule 6.0 that would apply in this instance, as the demolition is necessary to enable the construction of the new buildings.

On this basis I agree overall with the Applicant that the proposal requires resource consent for a **discretionary activity**.

6.0 NOTIFICATION

The application was publicly notified on 11 August 2016, which included the service of notice of the application on the following parties that were considered potentially affected:

- New Zealand Transport Agency
- Heritage New Zealand Pouhere Taonga
- PrimePort
- Environment Canterbury

The following parties were also served notice as potentially affected parties:

Address	Owner	Occupier
48 The Bay Hill	Caroline Courts Ltd	Caroline Courts
56-54 The Bay Hill	CE & LH Holdings Ltd	Monteith's
52-50 and 88-82 The Bay Hill	Langton Motor Lodge	Panorama Motor Lodge
62 - 76 The Bay Hill	Christopher Jamieson	Fusion; Little India; Euphoria for Hair
28 The Bay Hill	Ruth, James & Thomas Lambie	Sea Breeze Motel
The Bay Hill	Timaru District Council	Car park
5-7 Sefton Street East;	Bay Hill Developments Ltd	Bay City Motors
4-6 Sefton Street East	Theodosia Developments Ltd	Various
327 - 341 Stafford Street	Jeremy & Anne Boys	Various
338 Stafford Street	Sefton Stafford (2014) Ltd	Various
334/336 Stafford Street, Timaru 7910	Dominion 1912 Ltd	Owner

6.1 SUBMISSIONS RECEIVED

The application received a total of 20 submissions, including one late submission from HNZPT. Of these submissions, thirteen were opposed to the application, and six supported the proposed development. One was neutral and sought conditions. The key elements of the submissions are summarised below.

Name	Submission Summary
V J Sleigh	Opposes consent to demolish the Hydro Grand; neutral as to redevelopment of remaining site.
Dr I Lochlead	Opposes consent given the heritage values of the building. Demolition on the grounds that greater economic benefit will flow from a new building is no justification, and restoration will provide benefits that exceed new construction.
Caroline Courts Ltd	Supports the development subject to conditions to regulate dust pollution during demolition.
C M Young	Supports demolition and redevelopment as the site is an eye sore and spoils the Piazza.
J W Boys	Supports the proposal to demolish the building and redevelop the site.
J W Elder	Opposes the application and considers that there should be a fresh application that either includes a refurbished Hydro Grand or has a design style that carries the style of the original Hydro Grand.
L R Simmons	Opposes the consent until such time as an alternative plan be provided which sufficiently references the exterior architectural and historic features of the Hydro Grand.
J & R Lambie Family Trust	Opposes the application for reasons related to: <ul style="list-style-type: none"> • Amenity, height and visual dominance, particularly on the adjacent property and Sea Breeze Motel that operates from it. • Noise and fire rating issues. • Car parking effects arising from the shortfall in parking. The parking provided is inadequate. • Heritage effects – proper consideration has not been given to the option to retain the Hydro Grand’s façade, and demolition will have significant heritage effects. • Construction effects – no details have been provided in respect of staging or construction management. • The proposal is inconsistent with the provisions of the Timaru District Plan and Canterbury Regional Policy Statement.
R W Fagg	Supports the application but seeks that if construction does not start within 30 days of removing all material from the site then landscaping or a solid fence be constructed around the site.
S A Langton	Supports the application and considers that sufficient parking should be provided.
S D Nicholson	Opposes demolition. The Hydro Grand is a Timaru landmark with significant value.
South Canterbury Historical Society	Opposes demolition unless and until an acceptable replacement is finalised and its viability confirmed. While redevelopment is not necessarily opposed, there are concerns including the design relating to height, shading, and the loss of heritage character.
A Matson	Opposes the demolition on the basis that the heritage values of the building may be understated. The plans should accommodate the re-use of the Hydro Grand.
I Butcher	Opposes demolition of the heritage building, particularly given the absence of any development option presented for its retention with other new buildings.
K Whitehead	Considers the application should be re-notified due to errors in the transportation assessment, and the proposal scaled down to allow for more adequate parking, or further basement parking provided if the building size is to be maintained.
NZ Transport Agency	Opposes consent until vehicle related effects on the safe operation of the local roading network, including state highways, is appropriately addressed, including further consideration of the design and location of vehicular access and the management of parking demands.
South Canterbury Chamber of Commerce	Supports the proposal as it is a key anchor development for the district. Upgrading the site will improve the appearance of the Caroline bay and Bay Hill area.
Timaru Urban Renaissance Network	Opposes the application for reasons including: <ul style="list-style-type: none"> • The proposal is contrary to the Council’s commitment to the Urban Design Protocol • The proposal contains bad urban design elements

(TURN)		<ul style="list-style-type: none"> • The courtyard space has no pedestrian permeability and is not welcoming • The proposal is not in keeping with down-town Timaru • The building is over scaled for Timaru and will have a negative impact on the CBD
Timaru Trust	Civic	<p>Opposes the application for reasons including:</p> <ul style="list-style-type: none"> • Significant adverse effects on the surrounding environment, including heritage. The design response is inappropriate when regard is had to the heritage of this building and its visual prominence and setting. • The applicant has not established that there are no re-use alternatives. • No attempt has been made to compensate for the loss of the heritage features. • The proposal is inconsistent with the policy direction of the District Plan, including the heritage objectives and policies.
Heritage Zealand Pouhere Taonga	New	HNZPT did not oppose the application but considered that more detailed information on the cultural, historical and physical values of the building should be required, as well as a detailed engineering assessment of all structural components.

Late Submission

The submission from HNZPT was received late, and I recommend that the Commissioner determine at the hearing, as an initial matter, whether this submission will be accepted or not pursuant to section 37 of the Resource Management Act 1991 (the Act).

Section 37A(1) states:

A consent authority or local authority must not extend a time limit or waive compliance with a time limit, a method of service, or the service of a document in accordance with section 37 unless it has taken into account -

- (a) *The interest of any person who, in its opinion, may be directly affected by the extension or waiver: and*
- (b) *The interests of the community in achieving adequate assessment of the effects of any proposal, policy statement or plan, and*
- (c) *Its duty under section 21 to avoid unreasonable delay.*

Section 37A(2) enables the consent authority to extend the time frame up to twice the maximum period specified in the Act.

Section 37A(4)(b) notes that a time period may only be extended under section 37 if specific criteria are met, including whether there are special circumstances that apply, or the applicant agrees to the extension.

The late submission was received one working day after the close of submissions. I do not consider any party is directly affected by the late service of this submission, and its late service has not created any delay. Accepting the late submission is consistent with the public participatory approach in the Act, and ensures the Commissioner is able to consider the views of the community in assessing the application. I therefore recommend that the late submission of HNZPT be accepted pursuant to section 37A(2), subject to the Applicant confirming that they agree to the extension pursuant to 37A(4)(b)(ii) of the Act.

The matters raised in the submissions are addressed in the assessment of effects commencing in Section 8 of this report.

7.0 STATUTORY CONSIDERATION

Subject to Part 2 of the Act, Section 104(1) sets out those matters to be considered by the consent authority when considering a resource consent application. Considerations of relevance to this application are:

- (a) *any actual and potential effects on the environment of allowing the activity; and*
- (b) *any relevant provisions of:*

(i) *a national policy statement*

(iii) *a regional policy statement or proposed regional policy statement*

(iv) *a plan or proposed plan; and*

(c) *any other matters the consent authority considers relevant and reasonably necessary to determine the application.*

When forming an opinion for the purposes of actual and potential effects on the environment of allowing the activity, Subsection 104(2) of the Act states that a consent authority may disregard an adverse effect of the activity on the environment if a national environmental standard or the plan permits an activity with that effect.

Subsection 104(3) of the Act states that a consent authority must not when considering an application have regard to trade competition or the effects of trade competition, or any effect on a person who has given written approval to the application.

Subsection 104(3) of the Act also provides that a consent authority must not grant a resource consent:

- To do something that will or is likely to, have a significant adverse effect on a recognised customary activity, less written approval is given to conduct the activity from the holder of the customer rights order.
- If the application should have been notified and was not.

Subsection 104(6) of the Act states that a consent authority may decline an application for a resource consent on the grounds that it has inadequate information to determine the application. Following assessment under Section 104, the application must be considered under Section 104B of the Act, which enables the consent authority to grant or refuse consent and if granted may impose conditions under Section 108. As a discretionary activity, this application must be considered in terms of Section 104B of the Act.

The purpose of the Act is to promote the sustainable management of the natural and physical resources. The definition of sustainable management, found in section 5 of the Act, is:

“managing the use, development and protection of natural and physical resources in a way or at a rate which enables people and communities to provide for their social, economic and cultural well being and for their health and safety while:

- (a) *Sustaining the potential of natural and physical resources (excluding minerals) to meet the reasonably foreseeable needs of future generations; and*
- (b) *Safeguarding the life-supporting capacity of air, water, soil and ecosystems; and*
- (c) *Avoiding, remedying, or mitigating any adverse effect of activities on the environment.*

Section 6 of the Act identifies what I consider to be the relevant matters of national importance to be recognised and provided for:

- (f) *The protection of historic heritage from inappropriate subdivision, use and development.*

Section 7 of the Act identifies what I consider to be the relevant matters that are to be had particular regard to:

- (b) *the efficient use and development of natural and physical resources;*
- (c) *the maintenance and enhancement of amenity values;*
- (f) *maintenance and enhancement of the quality of the environment.*

Section 8 of the Act relates to the principles of the Treaty of Waitangi. In my view none of the Treaty principles are offended by the proposal.

8.0 ASSESSMENT OF APPLICATION

8.1 ADEQUACY OF INFORMATION

I note that concerns were raised in some of the submissions regarding inaccuracies in the original traffic assessment in relation to the calculation of car parking, and regarding the appropriateness of the plans and drawing accompanying the application.

The Applicant has subsequently, in response to a further information request, provided an amended traffic assessment and amended plans indicating the number of parks required and provided, and has also included additional plans identifying extra parks to be provided. The application as originally received and notified correctly identified that there was a shortfall in parking, and the activity status of the proposal was unchanged as a result of the identification of the correct number of parks required.

I have also reviewed and considered the plans provided and am of the view that they are sufficient to provide an appropriate base from which to consider and assess the actual and potential adverse effects of the proposal. The plans and the Assessment of Environmental Effects provided with the application clearly explain the bulk of the building, identify areas of non-compliance, and enable an assessment to be made.

Having regard to the above, overall I consider that the information provided by the Applicant is adequate to determine the application in terms of section 104(6) of the Act.

8.2 ACTUAL & POTENTIAL EFFECTS ON THE ENVIRONMENT

8.2.1 PERMITTED BASELINE

A consent authority may disregard an adverse effect of the activity on the environment if a national environmental standard or plan permits an activity with that effect (section 104(2)). This is termed the 'permitted baseline'. It is at the consent authority's discretion as to whether the permitted baseline is taken into account when considering an application.

I consider that the permitted baseline is of limited relevance to this application. Demolition of a Category B building requires a resource consent, and the only permitted activity rule provides for the maintenance and repair of the building. The subsequent erection of a new building is dependent upon the outcome of an application for a discretionary activity. In relation to the proposed new buildings, however, I have considered the permitted bulk and location requirements.

8.2.2 WRITTEN APPROVALS

Section 104(3) of the Act provides that a consent authority may not have regard to any effect on a person who has given written approval to the application.

No written approvals have been submitted with the application.

8.2.3 ENVIRONMENTAL EFFECTS ASSESSMENT

Having regard to the Applicant's assessment and the matters raised in submissions, I consider that the potential environmental effects of the proposal to demolish the Hydro Grand and construct three new buildings can be broadly addressed under the following categories:

- Contaminated land
- Provision of services
- Restaurants/Licensed Premises
- Heritage Effects

- Transportation and Parking Effects
- Urban Design and Building Height
- Positive Effects

The assessment, supporting reports and further information provided with the application identify and address the actual and potential effects of the proposal in detail. Having reviewed the material provided with the Application, undertaken a site visit, and considered additional reports commissioned to assist in the assessment of the application, I consider that the effects relating to contaminated land, services and restaurants/licensed premises are not significant, and can be addressed before proceeding to consider the potentially more significant effects relating to heritage, urban design and building height, transport and parking. Accordingly, I address these in the following paragraphs before considering the more substantial effects.

Contaminated land

I agree with the Applicant's assessment of the relevance of the National Environmental Standard for Assessing and Managing Contaminants in Soil to Protect Human Health (the NES). The Applicant has not sought a consent under the NES on the basis that although the site is listed on the Canterbury Regional Council's Listed Land Use Register due to the potential location of an old diesel tank, the precise location is not known. The Applicant has volunteered a condition that should the tank be discovered during ground works, it shall be removed and the soil around the tank re-tested and disposed of appropriately should it be contaminated. I consider this to be an appropriate approach.

Provision of Services

I have sought comment from the Council's Drainage and Water Manager in relation to the capacity of the Council's reticulated infrastructure to accommodate the demands of the proposed development. His comments are attached as **Appendix 3** to this report, and are summarised below:

- The proposed development can be serviced by the Council's water and sewer networks; and
- The Council's stormwater network is at capacity, and some on-site attenuation may be required to ensure that the post-construction stormwater flow does not exceed the pre-development flow from the site. Standard conditions are also recommended to ensure the removal of Total Suspended Solids, oil and grease.

I rely on Mr Hall's assessment for the purposes of this report and do not consider it necessary to undertake a more detailed assessment.

Restaurants and Licensed Premises

As identified by the Applicant, restaurants and licensed premises are controlled activities in the Commercial 1A Zone. The Council's control is reserved over the effects associated with noise and cleaning in the locality.

The Applicant has stated it will comply with the District Plan's noise standards, and no consent is sought to breach these standards. The Applicant notes that,

The proposed licensed premises are anticipated to be focussed on café and restaurant offerings rather than having a strong emphasis on liquor sales. The inclusion of apartments and hotel accommodation within the proposal likewise means that it is anticipated that the behaviour of patrons, the level of noise, and the cleanliness of the immediate street environment will be extremely well managed. The noise from bars that are part of larger hotel complexes is generally well managed by the hotel to ensure that guests and apartment residents sleeping nearby are not disturbed. Likewise it is reasonable to anticipate that the hotel management will take an active interest in ensuring that the footpath immediately outside the hotel is kept in a clean and tidy manner.

The Applicant also notes that the Council has remedies available under the noise control and liquor licensing processes that enable it to address any issues with the management of the premises. While I accept this is the case, given the prominent location of the proposal, and the mixture of commercial, residential and hotel activities, I consider it would be appropriate for a noise management plan to be prepared to ensure that noise with the various activities is appropriately managed, as well as potential effects beyond the boundary of the site, particularly noting that noise and cleaning in the vicinity are the only matters over which the Council has reserved control. I consider such a plan would provide appropriate protection for the Council as well as the various tenants on the site.

Heritage Effects

Heritage effects are among the most significant raised by the application and in submissions. The Applicant has provided a detailed assessment of the potential heritage related effects in Section 6.1 of the Assessment of Environmental Effects prepared by Planz Consultants, commencing with an overview of the statutory assessment process relating to the protection of historic heritage.

The Hydro Grand is listed as a Category B building in the District Plan, and has a Category II listing with HNZPT. I agree with the Applicant that a lower category listing does not mean that the heritage qualities of the building can be disregarded. I also agree that as a discretionary activity, the proposal is not subject to the two 'threshold tests' under section 104D of the Act, and that demolition of Category B heritage buildings is contemplated at a policy level by the District Plan, subject to the merits of a case-by-case assessment. I note that the demolition of Category I buildings attracts a non-complying activity status, reflective of the greater degree of significance attributed to those buildings.

I note that although demolition of a Category B building is a discretionary activity, the District Plan does not provide any assessment matters by which to guide a case-by-case assessment. I agree with the Applicant's view, therefore, that the assessment must determine whether the demolition is appropriate given the existing state of the building, the ability to utilise it for economically sustainable ongoing use, and the wider balancing required under section 5 of the Act regarding the social and economic needs of the community. I also note, however, that the heritage values of the building must also be a factor in this consideration, particularly given the importance of historic heritage imbued by virtue of section 6(f) of the Act.

Heritage Values

The values of the building are summarised in the HNZPT List Entry record (included as part of the HPT submission). It was included in the list in 1983. The listing identifies that the building was designed by Hall and Marchant, Timaru based architects, with key features of the building explained as follows:

The Hydro Grand Hotel is built in an Edwardian Mediterranean style and occupies its full triangular site on the corner of the Bay Hill and Sefton Street, overlooking Caroline Bay. The building is constructed in brick that was plastered and originally painted white. The building is dominated by a tower at the eastern corner, topped with a circular colonnaded balcony and dome. The north-eastern (main) façade also features recessed balconies, bay windows and arched openings, being elements of the Edwardian Mediterranean style. The southern façade is plainer but retains original fire escapes. The interior originally provided 80 rooms over three levels with separately leased shop spaces at street level. The building was equipped with hot and cold running water, including hot salt water baths, hence the inclusion of 'Hydro' in the name.

The interior of the building was modified in 1914, primarily on the ground floor where large shop spaces were integrated in to the main hotel to form a larger dining room and lounge. At this time the original large plate glass windows on the ground floor were replaced with smaller arched ones. The 1914 modifications secured the hotel's

status as 'the most modern in new Zealand' with alterations accommodating a childrens' playroom which was thought to be pioneering among New Zealand hotels. Major modifications were later undertaken to the roof in the 1970s which initially featured three gables on the north eastern façade and two on the southern façade. The original dome was found to be deteriorating in the 1990s and was removed in 1996 and replaced with a fibreglass replica.

I have found no information that records the values of the building as being outstanding or nationally or internationally significant.

Heritage Assessment

The Application includes a heritage assessment prepared by Mr Jeremy Salmond (Architect), in which he accepts that the costs of retaining the existing building and adapting it to meet the 'contemporary performance standards of a modern hotel' cannot achieve a commercial return on the investment.

The heritage assessment was peer reviewed for the Council by Mr Ian Bowman (Architect). His review is attached as **Appendix 1** to this report. Mr Bowman's view is that the heritage impact assessment prepared by Mr Salmond

- fails to follow best practice guidelines to enable an adequate assessment of the impacts of the demolition of the hotel;
- does not adequately assess heritage values in order to demonstrate the impact of demolition on those values;
- describes statutory heritage recognition but does not describe the relevant provisions of the plan that can be used to assess heritage impacts; and
- does not use accepted best practice criteria to assess the impacts of the demolition.

Mr Bowman's assessment helpfully includes details of the history of the Hydro Grand Hotel.

I acknowledge Mr Bowman's concerns regarding the heritage assessment. Having considered the application and the various assessments it contains. However, I consider that there is sufficient explanation of the current state of the building and the options around reuse that can be balanced against the building's heritage value as described in the application as a whole. Having regard to the heritage assessment within the application I note in particular that

- the application does not dispute that the building has heritage value, with the values reflected in the listing of the building in both the District Plan and by HNZPT;
- the building is not at the higher end of the significance spectrum giving its respective Category B and Category II listings respectively; and
- the heritage values of the building have been degraded over time as the building's fabric has deteriorated and been altered and its associations as a hotel diminished by it being vacant for more than a decade.

However, I agree with the Applicant's view that demolition of the building cannot be justified by mere convenience, and is not a matter to be undertaken lightly.

Condition of Building

In order to determine whether the building is able to be repaired or brought up to an appropriate standard to support reuse, the Applicant has undertaken an assessment of the options available for the repair, strengthening, and reuse of the Hydro Grand. The Applicant has set out the process of considering these options in Section 6.1 of the Assessment of Environmental Effects, and I summarise the key points below:

- The building has been significantly modified over previous years such that little remains of the original fabric apart from the floor plates and internal partition walls, and there has been significant modification to the exterior of the building;

- The building has been unoccupied for over a decade and is in a dilapidated state that presents health and safety risks to occupants and potentially to passers-by;
- The building has a structural strength as low as 10% New Building Standard (NBS), which is well below the 33%NBS threshold at which a building is classified as earthquake prone;
- All reuse options necessitate the removal of internal wall partitions to achieve an appropriate floor plan for an acceptable modern use;
- The engineering assessment confirms that extensive and intrusive works are necessary in order to bring the building up to code and to re-establish functional building services, such that the only original fabric that could be retained is the external walls, and possibly some internal floors;
- The estimated costs of repairing and strengthening the existing building to 66%NBS or 100% NBS are \$14M or \$15.2M respectively, and the commercial assessment undertaken has concluded that it is not commercially feasible to retain the building, on the basis that the costs of retention significantly exceed the costs of a new build, with no public funds available to 'bridge the gap' between retention and new build options.

Based upon these assessments, the Applicant has reached the conclusion that it is appropriate to demolish the existing building and replace it with the proposed development for the reasons set out in Section 6.1.6 of the Assessment of Environmental Effects. These reasons have been arrived at following consideration of matters such as the structural integrity of the existing building, re-use options, and a consideration of the heritage values of the building.

The Applicant has stated that the heritage values of the Hydro Grand building "cannot be described as outstanding or nationally significant, as recognised by its Category B listing under the District Plan, and its Category II classification by the HNZPT respectively". Having considered the information provided in the NZHPT listing I agree with this view. The form of the building has changed over time, as detailed in the List Entry. The structural strengthening required to bring the building to a standard capable of accommodating a 'modern use' would involve intrusive works to the building's fabric, which combined with the need to re-plan internal partitions to enable functional use would mean that any remaining original fabric would be reduced to little more than the façade. The Applicant's assessment further notes that the costs of retaining either just the façade; or the façade, floor plates and roof form are commercially prohibitive. I consider this to be somewhat of a paradox - the work required to preserve or retain the historic building on the site would effectively nullify the heritage values they are intended to protect. Similarly, if the redevelopment does not occur, and the building unoccupied due to the prohibitive cost, the heritage values will likely further erode with time.

A peer review of the Applicant's structural assessment was undertaken by Mr John Heenan, an experienced structural engineer. His peer review is attached as Appendix 2 to this report, and the key points are as follows:

1. *Based on our high level review of the DSA report, we consider the non-earthquake risk rating determined by Powell Fenwick Consultants Limited for the building primary structure to be reasonable, though due to the form of the building PFCL have had to make numerous assumptions which would impact on the overall risk rating. The assessment approach adopted appears to be consistent with the NZSEE recommendations.*
2. *It is noted that the retention of and strengthening of the existing building and or façade does provide challenges both in respect of economics' of the strengthening and the functionality of the building for modern uses.*
3. *We note that the most recent condition inspection and report indicates further degradation of the internal floor diaphragms and although not inspected or mentioned this could also be inferred to the connections between the floors and the URM walls if leaking has occurred on the external walls. This may compromise further the ability of the floors to be suitably secured and strengthened to provide a reliable transfer mechanism to distribute lateral loads.*

I agree with the Applicant that as the demolition of the Hydro Grand building is a discretionary activity, an assessment of the application is essentially a test of balancing potentially competing values.

Having considered the assessments provided with the application in relation to heritage values, at face value I consider that there will be adverse heritage effects arising from the demolition of the Hydro Grand in terms of the loss of the heritage building from the site. This adverse effect needs to be considered in the overall context of the following matters which have been raised by the Applicant:

- 1) The building has been substantially modified over time, such that original fabric is now largely limited to only the structural walls and floor plates. The Buchan Architecture Design Statement provided with the plans identifies that “*significant modifications have been undertaken over the years, including the removal of two large gable forms across the primary façade which have been to the detriment and legibility of the overall form.*” There are no heritage features that are considered to be worthy of salvage, as identified in the application. I note that the applicant has volunteered a condition that a photographic record of the building be undertaken prior to demolition occurring, with a copy of the record provided to both Council and HNZPT. I consider this would be appropriate should consent be granted.
- 2) The building is dilapidated, having been unoccupied for over a decade, and poses health and safety risks to occupants and passers-by in an earthquake event. The building is categorised as being earthquake prone.
- 3) The building cannot be occupied without significant repair and strengthening works which require the removal of all existing building services, all of which are no longer fit for purpose. The structural strengthening solution would involve intrusive works to the building’s fabric, which combined with the need to re-plan internal partitions to enable functional use, mean that the retained original fabric would be reduced to little more than the façade. The peer review of the structural engineering report undertaken by Mr John Heenan has corroborated the Applicant’s view in this regard noting that the retention of and strengthening of the existing building and or façade provides challenges both in respect of economics of the strengthening and the functionality of the building for modern uses.
- 4) A comprehensive set of retention scenarios have been explored by the Applicant, as set out in the Refurbishment Register appended to the Application. The costs of retaining either just the façade, or the façade, floorplates and roof form are commercially prohibitive under a range of possible uses that include hotel, apartments, or offices.
- 5) There are no heritage grant funds available from either Timaru Council or HNZPT for a Category II building that are sufficient to enable a meaningful bridging of the significant financial gap.

Having considered these matters, on balance I agree with the Applicant’s view that demolition of the Hydro Grand is not an inappropriate activity.

Transportation and Parking Effects

The traffic and parking arrangements proposed as part of the application have been detailed in the reports prepared by Traffic Design Group and provided as part of the original application and subsequently amended through the response to the further information request. Abley Transportation Consultants (‘the Abley Report’) have undertaken a review of the report by Traffic Design Group (attached as Appendix 4 to this report) and have undertaken an assessment of the likely demand for car parks and the potential effects of the parking and access arrangements proposed.

I have reproduced the summary reached in the Abley Report below for the Commissioner’s convenience, and provided additional comments where necessary:

- 1) *The trip generation rates appear to be slightly conservative (higher than what may be expected) and are within the range of rates accepted by the industry based on the TDB database.*
- 2) *The directionality splits in movements (inbound v outbound) for each of the individual uses are generally appropriate and within limits commonly accepted by the industry.*
- 3) *Assumptions around valet parking and the use of taxis that are do not appear to be reflected in the trip generation calculations.*
- 4) *Based on the current Timaru taxi fleet and demand for travel by taxi in Timaru, it appears fanciful to expect that 75% of all trips generated by the hotel in a peak hour would be by taxi.*
- 5) *The wider network effects are largely immaterial given there is considerable spare capacity at the two nearby signalised intersections of Theodosia / Sefton and Sefton / Port Loop / Stafford / The Bay Hill, even allowing for significant growth in travel on the State Highway.*
- 6) *There are several aspects of the parking demands estimated by the Applicant that are concerning, including:*
 - a) *The reduction in food and beverage and retail parking demand between the TAR and response to RFI;*
 - b) *Apparent changes to the parking model between the TAR and response to RFI that have not been explained by the Applicant;*
 - c) *The low parking demands for the office and hotel components of the development; and*
 - d) *The inability to reproduce the parking demands presented by the Applicant in the response to RFI by simple substitution of an increased office GFA into the parking model provided as part of the TAR.*

For these reasons, and the issues associated with using a shared parking model when not all spaces on-site are available for use in a shared capacity, it is concluded that the parking demands will be considerably greater than claimed by the Applicant. The demands in Figure 3.3 are expected to provide a better estimate of parking demand except for the hotel component which is considered to be very low. As a result, the amount of parking that cannot be accommodated on site is likely to be of a magnitude that will create adverse effects on the receiving environment that will be more than minor.

- 7) *The effect of the short two-way section within the ground floor of the parking building is unlikely to generate effects that would be considered more than minor.*
- 8) *The likelihood of outbound vehicles blocking the entry of inbound vehicles and generating queuing out to Sefton Street (SH78) is low although this may become a more frequent occurrence as volumes on Sefton Street increase in the future. In the event that inbound queuing does occur, it would be of a short duration and unlikely to result in any safety or efficiency impacts given the wide lane and proposed provision of a flush median. As a result, the effects of this are considered to be less than minor.*
- 9) *As Sefton Street is a State Highway, all changes to the layout/configuration of this road will need the approval of the NZ Transport Agency or Timaru District Council if the Agency has delegated such matters to the Council.*
- 10) *Consideration needs to be given to potential reverse sensitive effects that an audio signal at the parking building exit may create with the residential and hotel components of the development, and ensure such a feature would remain active if the condition formed part of any consent granted. A visibility splay may be a more preferable solution.*
- 11) *The parking building design is not adequate for general public use, but is acceptable provided its use is limited to residents, employees and valet parking attendants.*
- 12) *The parking building has direct access to Sefton Street, which is a State Highway. In this instance, access from Sefton Street is preferred over The Bay Hill.*

I accept the review undertaken by Abley Transportation Consultants, and note that it is evident from the above assessment that the most significant traffic effect arising from the proposal is that related to the shortfall of parking provided in the application. I consider that the remaining issues identified in the assessment can be appropriately addressed by way of conditions of consent. Unless this can be addressed, it is likely that the receiving transport environment will be unable to absorb the parking demands of the activity that are not accommodated on-site without creating adverse effects on others. I consider that this matter should be further considered and addressed by the Applicant.

Urban Design and Building Height

Urban Design

As identified in the application, a preliminary design of the proposal was discussed with the Council's Urban Design Panel, and Appendix 8 of the application sets out their initial views. I note that this was undertaken with the agreement of the Applicant, and that an Urban Design Review is not something that is required by the District Plan; rather, the review was arranged in order to test the design and consider where refinements could be made to achieve a good outcome for the site.

Subsequent to this meeting, and prior to lodging the consent, the Applicant undertook further refinement to the design to address, in part, the Urban Design Panel's comments. The final design was presented in the application for resource consent.

The Applicant's amended design was referred to the Urban Design Panel for comments on how the final design addressed the issues raised in the first meeting. The Panel's response (included as Appendix 5) is summarised below:

In general the Panel considers the revised proposal is an improvement on the earlier proposal submitted to the Council. The modelling of the forms and the selection of building materials has produced a more harmonious and cohesive scheme for this site.

In broad terms the set out and arrangement of the proposed activities remain where they were. These could be debated further.

The Panel considers the frontage of the development to Sefton Street needs some articulation of the building forms to provide a more friendly walking environment on this frontage. At present there is little relief to the buildings which tend to reinforce the arterial nature of the road to the Port to the disadvantage of pedestrians using the street to gain access to the central shopping area and to Caroline Bay.

The Panel remains interested in further vertical emphasis of the building at the Bay Hill and Sefton Street inter-section at this prominent geographic point in Timaru.

More detailed comments include:

- *Now three distinct buildings with improved separation for views, light and air.*
- *68 hotel rooms, 25 Apartments, 4 office floors and 64 Carparks. We assume there can be some carpark sharing between hotel and apartment owners not in occupation.²*
- *Improved linkage and usable outdoor space at ground floor level. Through pedestrian connection from Sefton Street to this space would further improve these.*
- *We recommend the first floor Retail be part of Hotel for Dining/Bar as it is unlikely to be effective otherwise.*

² The Urban Design Panel comments were received prior to the Applicant's further information that increased the number of car parks.

- *We remain concerned about the roof line especially to the office building. It lacks the bold statement encouraged to acknowledge the current Hydro Dome and to anchor the building and development on one of the most prominent and visual points in Timaru.*

However, the above said, it is a better balanced overall proposal than the initial and will no doubt operate more successfully with the hotel activities incorporated in the design at this stage.

The Applicant has addressed many concerns raised by the Urban Design Panel. While the Panel has indicated potentially more changes could be achieved, such as the roof line of the office building, I note that the District Plan does not contain any directive standards that could be relied upon to guide or require design changes. While references to the Hydro Grand in the new design may be desirable, they are not strictly required by the rules in the District Plan.

I note the Panel's overall comment that the proposal is a better balanced proposal, and that overall it has not reached a view that the proposal is inappropriate. A number of matters have been identified that may make improvements to the pedestrian experience. While I do not consider the design of the buildings to be inappropriate, drawing from the Urban Design Panel's comments, given the prominent location of this building I consider that the following matters should be addressed further at the hearing by the Applicant:

- *Whether improved linkage and usable outdoor space can be achieved at ground floor level, and whether a through pedestrian connection from Sefton Street East is possible;*
- *Whether additional articulation of the Sefton Street East façade can be incorporated in order to enhance the pedestrian experience of this frontage; and*
- *Whether anything further can be achieved in a design sense in relation to providing an appropriate reference to the Hydro Grand, specifically the corner dome element.*

Building Height/Shading

The submission of the Lambie Family Trust raised concern that the proposed buildings would create shading effects on adjacent buildings, particularly as a result of the height intrusions of the various buildings. The Applicant provided a series of plans as part of the further information provided on 7 October 2016 that compare the shading that could be expected from a complying development to the shading predicted to arise from the proposed buildings.

The shading diagrams indicate that there is very little difference in the shading that will arise from the proposed buildings as opposed to what could be expected from a building that copies with the maximum height for the zone. I note in some instances that additional shading will fall within the Applicant's site due to the design and arrangement of the buildings on the site. However, these effects do not extend outside the site. Having reviewed and considered the shading diagrams provided by the Applicant, I consider that there will be no significant adverse shading effects arising from the proposed buildings.

With respect to the height of the buildings, I note that the Urban Design Panel did not make any comment from a design perspective on the proposed heights. The District Plan anticipates large buildings in this area by virtue of the 20 maximum provided for, with intrusions provided for a discretionary activities. In my view, the height intrusions will not give rise to a significant degree of effect, as they are offset by the varied (ie non-uniform) roof design of the upper levels and the different orientation of buildings on the site that allow for sun access and visual relief. I do not consider the additional heights, which differ over parts of the site due in part to the slope of the properties, to give rise to significant adverse effects.

Positive Effects

The Applicant has set out a number of positive effects that will accrue as part of the proposal. I agree with the Applicant's assessment that there will be significant positive effects arising from

the proposal.

Summary of Effects

The demolition of the Hydro Grand is an adverse heritage effect, and this is acknowledged by the Applicant. However, as identified in the foregoing assessment, this effect must be balanced against the other effects arising from the proposal. I agree with the positive effects identified by the Applicant, and also consider that overall, with the exception of the parking shortfall and further consideration of some design elements, the adverse effects of the proposal are not significant and can be appropriately addressed through conditions of consent. I consider that the Applicant should provide additional consideration to the following matters at the hearing in order to address the outstanding matters of concern raised in the assessment of effects:

- 1) Whether the parking shortfall can be addressed by means which could include:
 - reducing the scale of the development such that the total parking demand is reduced;
 - providing additional parking, either on the site or in a convenient location in the surrounding area; or
 - providing cash in lieu of the required parks in order to fund the creation of parking spaces in the surrounding area;
- 2) Whether additional articulation of the Sefton Street East façade can be incorporated in order to enhance the pedestrian experience of this frontage;
- 3) Whether improved linkage and usable outdoor space can be achieved at ground floor level, and whether a through pedestrian connection from Sefton Street East is possible; and
- 4) Whether anything further can be achieved in a design sense in relation to providing an appropriate reference to the Hydro Grand Hotel, specifically the corner dome element.

8.3 ASSESSMENT OF APPLICABLE STATUTORY PLANNING DOCUMENTS

The Timaru District Plan and the Canterbury Regional Policy Statement are the only statutory planning documents that are pertinent to the consideration of the subject application. Accordingly, and in the interests of conciseness, no other statutory planning documents are considered in this assessment.

8.3.1 CANTERBURY REGIONAL POLICY STATEMENT

The Canterbury Regional Policy Statement became Operative in 2013, and contains the following relevant provisions:

Objective 13.2.1 which seeks the identification and protection of significant historic heritage areas, and their protection, and **Objective 13.2.3** which encourages the repair, reconstruction, seismic strengthening, ongoing conservation and maintenance of built historic heritage.

Policy 13.3.1 requires the protection of significant historic and cultural items, places and areas be recognised and provided for.

The sub-text of these provisions refers to the protection of historic heritage from inappropriate subdivision, use and development. I consider this Objective must be considered in light of the overall context of the proposal, which is that despite having heritage value, the building has been unoccupied for over a decade and is dilapidated to the point that the extensive work required to restore the building would in effect destroy the remaining original fabric of the building.

While the proposal does not sit comfortably against these provisions, I consider that they must be balanced against the Assessment of Environmental Effects and an overall weighting undertaken, which I address later in this report.

8.3.2 TIMARU DISTRICT PLAN

The site is zoned Commercial 1A by the District Plan. Given the zoning of the site and the proposed activity, it is considered that the Objectives and Policies of the following sections are relevant to the consideration of the application:

- Heritage (Part B, Section 10);
- Commercial (Part D3); and
- Transport (Part B, Section 8).

The Applicant has provided a comprehensive assessment of the relevant provisions in Section 7 of the Assessment of Environmental Effects provided as part of the Application. Rather than undertake a similar detailed assessment, I identify the relevant provisions in the table below, and provide additional detail where I disagree with the Applicant's assessment, or consider additional comment to be necessary.

In considering the Objectives and Policies of the District Plan, I note that an overall judgement is required, and that each individual provision is not required to be satisfied.

Objective / Policy	Assessment
Part B, Section 10 - Heritage Values	
<p>Objective 1: Identify and protect items of heritage importance which contribute to the character of the District.</p>	<p>Demolition of the Hydro Grand will not protect its heritage features. However, I also note that as identified in the assessment above, much of the original fabric of the building has been changed over time, and if the building was brought up to a standard to accommodate a more 'modern use', much of the remaining fabric would be lost. On its face, however, the proposal is not consistent with this Objective if the building is demolished.</p>
<p>Policy 1: To promote public awareness of heritage and the sympathetic renovation and reuse of historic places and adjacent sites.</p>	<p>The re-use of the building has been shown to be impractical and cost prohibitive. However, I do not consider the proposal to be inconsistent with this Policy.</p>
<p>Policy 2: To protect those buildings in the District with higher heritage values through the District Plan.</p>	<p>The building has heritage values which is reflected in the Category II listing in the HNZPT register. Demolition of the building will not protect the building and the proposal is therefore inconsistent with this policy.</p>
<p>Policy 7: To assess applications which would affect scheduled items against the following criteria in addition to the other objectives and policies of the Plan:</p> <ul style="list-style-type: none"> (a) the impact the proposal has on the integrity/value of the heritage item; (b) the importance attributed to the heritage item by the wider community; (c) the effect on the landscape, townscape or precinct value of the proposal; (d) the extent to which the proposal is consistent with any conservation plan or other strategy for the maintenance or enhancement of the heritage value of the building, object, site or area; (e) any recommendations made by the NZ 	<p>In relation to (a) and (d), the Applicant has identified that the building has been heavily modified over time, with original fabric limited largely to the structural walls and framing. The building is dilapidated and earthquake prone. The significant and intrusive repair and structural strengthening works required will result in further substantial loss of the remaining fabric to the point that even if a repair and strengthening package was financially plausible the remaining heritage fabric would be little more than 'facadism'. The demolition of the building means none of the heritage fabric will be retained. Conversely, if the building was retained and no redevelopment took place due to the</p>

- (f) Historic Places Trust;
any recommendations made by the Takata Whenua;
- (g) alternative or viable uses for the building, object or site;
- (h) public health or safety.

cost, it would likely further deteriorate with time. While the proposal will remove the heritage values altogether, given that there appears to be no realistic option to retain the heritage values of the building, I consider that the relative impact of the demolition is similar to that were the building left on the site and not developed, in effect suffering from 'demolition by neglect'.

With respect to parts (b) and (c) of the above policy, the Applicant notes that while the building does not have the highest TDC/NZHPT heritage classification, it nonetheless has a landmark presence. The replacement building on the corner site has been designed so as to continue the role of this site by providing a replacement local landmark through careful design of the new building to address the street and in particular the corner and to be of an appropriate height and scale. In this regard, I note that while the Urban Design Panel expressed some reservations over the Bay Hill/Sefton Street East corner, overall it is considered that the design is a better balanced proposal than the initial and will no doubt operate more successfully with the hotel activities incorporated in the design at this stage.

In relation to point (e), I note that HNZPT considered no decision should be made until further assessment had been made in relation to cultural and heritage, heritage effects. As I discuss in this report, I consider that there is sufficient information available on the building's history and its current state to enable an appropriate assessment to be undertaken.

Point (f) is not considered relevant as this building has not been identified as being on a site of particular significance for tangata whenua.

The Applicant has discussed a range of alternative uses for the building, as raised in point (g), but asserts that none of these options is economically viable. I accept the Applicant's view that whilst there are no viable alternative uses for the building, the site itself does lend itself to a range of potential activities. I note in particular that the Applicant intends to perpetuate the travellers' accommodation function of the old Hydro Grand, within the mixed use complex, along with a new landmark building on the corner.

	<p>In relation to point (h), the structural report identifies that the existing building comprises unreinforced masonry construction and has been assessed at being no more than 10% NBS, and contains asbestos, mould and animal excrement and disease health risks. Extensive works are necessary to strengthen it to at least 66% NBS. I agree with the Applicant's view that even were such upgrades economically viable, they would still result in a building that was not built to current code requirements compared with the proposed replacement building that will meet current structural, fire, and access requirements.</p> <p>I consider that overall this Policy is a process oriented one that identifies the matters that should be balanced when coming to an overall judgement.</p>
Part D, Section 3 - Commercial	
<p>Policy 3.1.3.5: Require compliance with Performance Standards for bulk and location (see Rules for Commercial Zones).</p>	<p>The only breaches of these standards are those relating to building height and continuous street frontage. I note that the District Plan anticipates activities breaching the standards by virtue of attaching discretionary activity status to the breaches. I agree with the Applicant's assessment that whilst the proposal does not comply with all of the relevant rules, the overall outcome for the site is positive. I also note that despite the presence of the Hydro Grand, the Zone enables a maximum height of 20 metres over the site. The shading diagrams provided indicate that there will be no greater shading effects than a building that complied with the 20m maximum.</p>
<p>Objective 3.2.1.1: Provide for the amenity and quality of the environment in retail areas.</p>	<p>I agree with the Applicant's assessment that overall the proposed development will be consistent with Objective 3.2.1.1 and Policy 3.2.2.1 as it will provide intensive development on the site, the majority of which has been vacant for a number of years, provide for a range of different activities, and offer an attractive building frontage. In addition, I agree that the rejuvenation of this highly visible and strategically located site above Caroline Bay will be of significant benefit to the wider Timaru community and will make a positive contribution to the ongoing viability of the Town Centre.</p>
<p>Policy 3.2.2.1: To protect amenity enjoyed by the public while providing for the development of retail areas.</p>	<p>See above.</p>
<p>Objective 3.3.1: Recognition and protection of heritage values in commercial areas of the District.</p>	<p>As discussed above, the proposal does not protect the heritage values of the Hydro Grand and is inconsistent with this</p>

	Objective.
Policy 3.3.2.1: To promote the protection and enhancement of heritage resources including historic places and other features of historic or cultural value in Timaru's inner city and Temuka's main street area.	As discussed above, the proposal does not protect the heritage values of the Hydro Grand and is inconsistent with this Policy.
Policy 3.3.2.2: To protect the most important heritage resources in commercial areas from development which threatens the visual, cultural or heritage values of these areas.	As discussed above, the proposal does not protect the heritage values of the Hydro Grand Hotel and is inconsistent with this Policy. I note, however, that the Plan contemplates the redevelopment of the site given the 20m maximum height that applies to the Zone.
Policy 3.3.2.3: To protect the heritage character and visual quality of Commercial Zones in the District by ensuring new buildings in identified areas of Timaru and Temuka are of an appropriate scale to retain the continuity of areas with townscape values and that buildings in such areas are not demolished until a consent for a replacement building has been approved.	I agree with the Applicant that while the proposed demolition of the Hydro Grand is not strictly consistent with provisions seeking the retention of heritage, the proposal is however consistent with Policy 3.3.2.3 which anticipates the possibility of heritage buildings being replaced, subject to design considerations.
Objective 3.4.1: Promote the sustainable use and development of physical resources in Commercial Zones.	The proposal is consistent with this Policy.
Policy 3.4.2.2: To provide for commercial activities and development and encourage the sustainable use and development of physical resources in Commercial Zones.	The proposal is consistent with this Policy.
Policy 3.4.2.5: To promote the efficient use of existing services and the efficient servicing of future commercial development.	The proposal is consistent with this Policy. Appropriate services can be provided to the development.
Part B, Section 8 - Rooding	
Objective 8.1: A safe and efficient roading network which recognises and provides for different users.	The proposal is consistent with this Objective.
Objective 8.2: Avoid, reduce, or mitigate any adverse effects on the environment occurring in association with the roading network.	The Abley Report has identified that the wider network effects are largely immaterial as there is significant capacity available at the two nearby signalised intersections. The proposal is consistent with this policy.
Objective 8.3: Minimise conflicts between land use and the roading network, while still providing for mobility, and safe and efficient ingress and egress to roads.	The proposal will not give rise to conflict between different users, and the proposal is consistent with this policy.
Objective 4: Ensure that the parking impact of activities on the capacity and safety of the roading system is adequately catered for so as to avoid adverse effects on the environment.	The proposal presently has a shortfall of 64 parking spaces, and as identified in the Abley Report, this will give rise to adverse effects. At present the proposal is inconsistent with this objective and the Applicant should therefore consider how the matter can be further addressed.
Policy 1: To encourage the efficient use of the existing road infrastructure.	The proposal is consistent with the policy.

<p>Policy 3: To encourage or require access functions to be provided from minor roads wherever possible.</p>	<p>Access to the car park is to be provided from Sefton Street East, and will require the approval of the NZ Transport Agency given it is a State Highway. Sefton Street East is the most logical street from which to access the development given the narrow nature of the Bay Hill. The proposal is not inconsistent with this policy.</p>
<p>Policy 6: To discourage traffic in areas where it would have significant adverse environmental effects.</p>	<p>The proposal satisfies this policy. There is sufficient capacity within the roading network and at the two signalised intersections near to the development.</p>
<p>Policy 19: To allow developers to provide a cash contribution in lieu of on site parking where they are unable to comply with Policy (18) because of rules in the District Plan or other site constraints. This option may be exercised only at the discretion of the Council unless the development is in an area where private parking is not permitted. Factors to be considered by the Council are:</p> <ul style="list-style-type: none"> ▪ the availability of land nearby for the Council to develop ▪ the relative efficiency of the site if it provided parking ▪ the impact on the efficiency of the roading network if on site parking is not provided ▪ any effect on heritage or townscape values from parking ▪ any conflicts with pedestrian or vehicle traffic safety 	<p>This matter has not been addressed in the Abley Report. However, given the significant shortfall, it may be that a cash in lieu contribution could be used to fund the development of additional parking nearby should there be available land. This is a matter that should be addressed further at the hearing, as it may be appropriate as a mitigation measure, or in combination with other methods to address the shortfall.</p>

Summary of Objectives and Policies

Both Traffic Design Group and Abley Transportation Consultants have concluded that the proposal will not have any adverse effects on the two signalised intersections close to the site or on the wider function of the road network, including the through-traffic role of Sefton Street East that provides access to the Port. The proposal is consistent overall with the transportation related policies with the exception of those that relate to the impacts of car parking.

In considering the Heritage provisions of the District Plan, I note it neither provides for nor requires the absolute protection or retention of historic buildings, although the provisions (such as Objective 1 and Policy 2) promote their protection. While the District Plan provides for the demolition of Category II buildings as a discretionary activity, there are no assessment matters to guide the consideration of such an application. I also consider that the District Plan does contemplate the demolition of heritage buildings in some circumstances by virtue of the discretionary activity status, and the fact that the underlying zoning permits the construction of buildings up to 20 metres high.

Overall, I agree with the Applicant that consideration of this application requires a balancing exercise between the remaining heritage values of the building in its current dilapidated and dangerous state, the ability and plausibility of the building being returned to an economically viable use, and the development opportunities anticipated by the District Plan and the positive effects of such development for the town centre and the community.

The Applicant has provided an overall assessment of the proposal against the Heritage and Commercial objectives and policies and considers that they seek two, potentially competing,

outcomes, being the identification and protection of historic heritage, subject to various criteria and the efficient use of land within the commercial town centre zone to “reinforce the role and amenity of the town centre and to ensure that new buildings are well designed and make a positive contribution towards the vitality and attractiveness of the town centre”.

I agree with the Applicant’s view that when considered in light of the two policy approaches, the existing Hydro Grand presents something of a conundrum, whereby in its current dilapidated and vacant state the current use of the site is contrary to the District Plan’s objectives of a vibrant and attractive town centre, whereas conversely the building’s protection is also sought.

Having considered the tension between these two approaches, I agree with the Applicant’s view that the combination of Heritage Policy 7 and Commercial Policy 3.3.2.3 present a road map through these potentially competing policy goals, and I set out and adopt below the Applicant’s succinct summary:

Both policies in the first instance rightly seek the protection of heritage buildings. Such protection is not however absolute, with redevelopment contemplated provided various criteria are assessed and the design of the replacement building is considered at the same time as demolition to ensure that the urban design quality of the town centre is maintained. The applicant has invested considerable effort in exploring retention options and detailing both the existing condition of the building and potential repair and strengthening solutions. Unfortunately the evidence is that there is an unsurmountable financial gap. The applicant has then commissioned the design of an attractive new building complex that makes a significant positive contribution to the town centre and references the form, massing, activities and role of the Hydro through envisaging the site as Timaru’s premier destination. Whilst the proposal is not therefore consistent with some individual policies, overall it is considered to achieve the outcomes anticipated by the Plan for Timaru’s town centre.

Overall, I consider that the proposal is largely consistent with the relevant provisions of the District Plan, subject to the matters identified in Section 11 of this report being addressed.

8.4 ANY OTHER MATTER

8.4.1 PRECEDENCE

I do not consider that granting consent to the demolition of the Hydro Grand would create a precedent whereby future applications to demolish historic buildings could rely on this application as a precedent to support their own. Each application is assessed on its merits, and in order to be able to rely on a precedent, an application would be required to exhibit similar characteristics. Given the unique nature of this application, I do not consider that this application is precedent setting.

9.0 PART 2 MATTERS

Section 5 states that the purpose of the Act is “to promote the sustainable management of natural and physical resources”. “Sustainable management” means managing the use, development, and protection of natural and physical resources in a way, or at a rate, which enables people and communities to provide for their social, economic, and cultural wellbeing and for their health and safety while —

- (a) Sustaining the potential of natural and physical resources (excluding minerals) to meet the reasonably foreseeable needs of future generations; and
- (b) Safeguarding the life-supporting capacity of air, water, soil, and ecosystems; and
- (c) Avoiding, remedying, or mitigating any adverse effects of activities on the environment.

Section 6(f) of the Act requires that the preservation of historic heritage from inappropriate subdivision, use, and development be recognised and provided for as a matter of national importance. As identified in the above assessment, it is my opinion that while the proposal will result in the loss of the Category II building from the site, the overall development is not an inappropriate activity on the site.

Section 7 requires particular regard be given to a range of matters, including the quality of the environment and amenity values. I consider that the proposal appropriately satisfies these matters.

There are no particular Treaty of Waitangi issues (Section 8) that need to be taken into account in relation to this application.

For the reasons set out in this report, and subject to the Applicant satisfactorily addressing the matters set out in Section 11 of this report, I consider the application will be consistent with relevant matters in Part 2 of the Act, and overall to achieve the purpose of the Act.

10.0 CONCLUSION

With the above matters in mind, I consider that overall the proposal is appropriate for the following reasons

- Although the proposal will result in adverse effects with the loss of the heritage building from the site, the structural and other reports have identified that much of the building fabric has been altered or removed, and that the building is in a significant state of disrepair.
- The works necessary to bring the building up to an appropriate standard to accommodate a modern use are significant and will ultimately result in a loss of the fabric they are intended to preserve.
- The Urban Design Panel has found that the building, subject to some further design considerations, is not inappropriate for the site.
- With the exception of the car parking shortfall, the Abley Report has not identified any other significant transport effects; and notes that the approval of the NZ Transport Agency will be required for any changes to Sefton Street East to accommodate the proposed access.

As expressed in this report, overall it is my view that subject to the Applicant satisfactorily addressing the matters outlined in Section 11 below, the adverse effects of the proposal can be appropriately managed through conditions of consent, and on balance are not significant to the degree that the purpose of the Act would be best achieved by refusing consent.

11.0 RECOMMENDATION

Pursuant to sections 104, 104B, 106, and 108 of the Act, it is recommended that consent is GRANTED subject to the Applicant addressing the following matters:

- 1) Whether the parking shortfall can be addressed by means which could include:
 - reducing the scale of the development such that the total parking demand is reduced;
 - providing additional parking, either on the site or in a convenient location in the surrounding area; or
 - providing cash in lieu of the required parks in order to fund the creation of parking spaces in the surrounding area;
- 2) Whether additional articulation of the Sefton Street East façade can be incorporated in order to enhance the pedestrian experience of this frontage;

- 3) Whether improved linkage and usable outdoor space can be achieved at ground floor level, and whether a through pedestrian connection from Sefton Street East is possible; and
- 4) Whether anything further can be achieved in a design sense in relation to providing an appropriate reference to the Hydro Grand Hotel, specifically the corner dome element.

It is anticipated that the Applicant will provide a set of conditions as part of their evidence, and otherwise will be tabled at the commencement of the hearing.

Report prepared by



Andrew Henderson
Consultant Planner