

**BEFORE THE INDEPENDENT HEARINGS COMMISSIONER APPOINTED BY
THE CHRISTCHURCH CITY COUNCIL**

UNDER the Resource Management Act 1991 (RMA)

IN THE MATTER of an application for resource consent under section 88 of
the RMA by Cambridge 137 Limited for demolition of a
heritage building and construction of a hotel

APPLICANT Cambridge 137 Limited

**STATEMENT OF EVIDENCE OF JONATHAN LYTTLE AND MICHAEL DOIG
ON BEHALF OF CAMBRIDGE 137 LIMITED**

CORPORATE

2 October 2024

PO Box 4341 CHRISTCHURCH 8140
DX WX11179
Tel +64 3 379 7622
Fax +64 3 379 2467

Solicitor: L F de Latour
(lucy.delatour@wynnwilliams.co.nz)

WYNN WILLIAMS

INTRODUCTION

Jonathan Lyttle

- 1 My full name is Jonathan Peter Wallace Lyttle.
- 2 I am a Director of Cambridge 137 Limited (or the **Company**), the owner of Cambridge 137 Limited and the Harley Chambers Building.
- 3 I have 20 years' experience working in the property industry and my current role is Director of Citadel Property Limited, an umbrella entity that owns shares in all of our property vehicles, including Cambridge 137 Limited.
- 4 I am authorised to give this evidence on behalf of the Company.

Michael Doig

- 5 My full name is Michael Quentin Doig.
- 6 I am a Director of Cambridge 137 Limited.
- 7 I have 22 years' experience working in the property industry and am a Director of Citadel Property Limited, an umbrella entity that owns shares in all of our property vehicles, including Cambridge 137 Limited.
- 8 I am authorised to give this evidence on behalf of the Company.
- 9 Myself and Mr Lyttle are friends, industry colleagues and business partners, have worked together over the last 10 years having developed and invested into some \$100 million of property in Christchurch.
- 10 Our families are both local to Christchurch.

SCOPE OF EVIDENCE

- 11 As co-authors we have prepared this evidence on behalf of Cambridge 137 Limited in support of the resource consent application to demolish Harley Chambers and build a new 11 storey hotel development at 137 Cambridge Terrace (**Application**).
- 12 Appendix 12 to the Application contains a copy of the evidence we presented to the Independent Hearing Panel on Plan Change 14 in support of request to remove Harley Chambers (and its setting) from the Christchurch City Council heritage schedule.
- 13 The Plan Change 14 evidence outlines:

- (a) Some background to the purchase of 137 Cambridge Terrace (**Site**) and the Harley Chambers building;
 - (b) Heritage projects we have been involved with previously;
 - (c) The earthquake prone status of the Harley Chambers building; and
 - (d) The options we have considered in relation to the future of Harley Chambers.
- 14 Given this evidence is included in the Application and was focused on the request to remove Harley Chambers from the Heritage Schedule, we have not repeated it for the purpose of the hearing on this Application. Instead, this evidence focuses on:
- (a) Providing an update on the de-listing process;
 - (b) Explaining the rationale and timing for the Application and why it also addressed demolition;
 - (c) The vision behind the hotel concept;
 - (d) The road stopping process; and
 - (e) Some of the practical and commercial issues associated with the Council's section 42A report dated 24 September 2023 (**section 42A report**) recommendations.

THE DE-LISTING PROCESS

- 15 Our evidence in support of Cambridge 137 Limited's submission on Plan Change 14 provides background to the Company's purchase of the Site. In particular, following the purchase of the Site in mid-2023 the Company took professional advice from an engineer, insurer, quantity surveyor, valuer, heritage advisor, and planner before forming the view that the building needs to be demolished as a matter of urgency.
- 16 Given the advice received from our engineers about the state of the building and the extent of heritage loss that has occurred (and would further occur through repairing the building) pursuing the de-listing of the building as a successor to the previous owner's (Lee Pee Limited) submission was an expedient way of having the matter considered by Christchurch City Council (**Council**). This occurred through the Plan Change 14 process and we commissioned and called extensive evidence in support of the de-listing submission.

- 17 The request to have the building and setting removed from the Council's heritage schedule was ultimately successful with the Independent Hearing Panel that heard Plan Change 14 recommending the de-listing of the building and Site.
- 18 The Council's decision at its meeting on 18 September 2024 was to accept the relevant parts of Plan Change 14 that related to the heritage listing on the Site. The Council's public notice in relation to the decisions on Plan Change 14 have advised that the changes to the District Plan will be operative from Thursday 3 October 2024.

RATIONAL FOR THE DUAL PROCESS

- 19 Following the acquisition of the site in mid-2023, and having concluded that it was not a viable option to repair or restore the building, we immediately began considering the various options for a new build on the site.
- 20 Our vision for the hotel proposal that the Application relates to is explained further in the following section of our evidence. However, after deciding upon a preferred proposal, and wanting to be able to continue to pursue our plans even if there was a delay to Plan Change 14, we decided to seek a resource consent application to both demolish the then heritage listed Harley Chambers and build the new hotel building.
- 21 The alternative would have been to await the outcome of the de-listing process and seek resource consent for the hotel only (which, as it transpires, would have meant we were only able to apply for the resource consent for the hotel building around now). This option was not palatable to us at the time due to both the delays it would cause but also they would cause uncertainty as to whether the de-listing would in fact occur through this process (especially as the Council had previously sought not to implement the National Policy Statement for Urban Development (**NPS-UD**)).

THE VISION FOR THE HOTEL PROPOSAL

- 22 As long-term residents and investors within Christchurch we have witnessed firsthand the re-development of the City post the earthquakes. In the immediate period post-quakes, and following the blueprint and new replacement District Plan process, the emphasis was on lower rise building, which were principally commercial. As Mr Cleese's evidence

explains the previous District Plan policy and rule framework reflected the limited quantum of demand and the previous 28m height limit which sought to spread the limit demand over the large number of vacant sites. Following the issuing of the NPS-UD, we were interested to see how the Council would respond to the new directives for intensification within the City Centre.

- 23 We were well-aware of the Harley Chambers site when it came on the market, having followed the prior owner's 2017 Resource Consent application for a hotel redevelopment. This previous application included the demolition of the Harley Chambers Building at 137 Cambridge Terrace in its entirety, part demolition of the neighbouring Worcester Chambers building at 69 Worcester Street, and subsequent construction of a hotel across all three sites.
- 24 Through the purchase process, we had in mind the Site's potential for hotel development (although at that time, as explained in our Plan Change 14 evidence, we were also interested in repairing the building should it have been feasible to do so).
- 25 Once the purchase was confirmed and we fully understood the extent of damage to Harley Chambers we turned our minds to proposals for the wholesale re-development of the site.
- 26 Fairly early on in our feasibility analysis for a development of the Site we decided to pursue a hotel proposal. This decision was principally informed by:
 - (a) A lack of hotel offering within the City Centre, compared to commercial offerings;
 - (b) The location and context of the Site, close to the new convention centre and Avon River corridor, lending itself to a visitor accommodation development; and
 - (c) The City's anchor projects were nearing a stage of completion that gave major hotel operators the confidence to look at Christchurch as a valuable year-round destination. We had been specifically approached by an operator that was keen to enter into a joint venture with us to develop a hotel on that site.
- 27 Our brief to Ignite as part of our initial feasibility work was for a hotel of 250 rooms, 4.5 star, 28m² average room size, ground floor food and

beverage offering with street frontage, porte cochere, and front and back of house facilities.

- 28 Mr Grant Armstrong describes in his evidence how the design, now the subject of the Application, was arrived at – taking into account matters such as the zoning and site context and the associated urban design response.
- 29 A prominent consideration in terms of the design relates to international hotel design requirements. These are various requirements that are necessary to attract 4 star operators. For example, the vertical nature of the building must be in accordance with international hotel design standards as this promotes on floor efficiencies by reducing corridor runs, enabling efficient servicing of rooms, and maximising saleable room areas to non-room ratios.
- 30 Any deviation from the vertical nature of the building creates inefficiencies that would jeopardise the commerciality of the project and reduce the appeal to international operators who are restricted by the average daily rates that Christchurch hotel rooms can command.
- 31 In our brief to Ignite and our consultants we were particularly cognisant of the historical significance of the Harley Chambers site, hence the prominent heritage podium features of the design. Similarly, we sought a design that responds to the adjacent heritage listed Worcester Chambers and the wider historical context of the location.
- 32 In terms of the actual operation of the hotel, we have received submissions from several international operators seeking to take on the hotel. We are currently amidst negotiations with a shortlist of selected companies who have all bid on the basis of a 200 room hotel and operational efficiencies contemplated by the current design. The impact of the proposed design changes recommended in the section 42A report will likely jeopardise these negotiations if they are imposed by the decision on the Application.

ROAD STOPPING AND THE DESIGN PROCESS

- 33 Alongside the Application, we also sought a road stopping application for some of the airspace above the road reserve because small parts of the hotel building encroach into the road reserve. The reasons for the encroachment (and consequent need for the road stopping application) have included the vertical massing of built form towards the Cambridge

Terrace and the Worcester Boulevard corner, with a porte cochere/drop off area towards the western boundary. While the road stopping is a separate Public Works Act process, the following explanation of why the encroachment was necessary highlights some of the multifaceted issues at play when coming up with a design for the Site.

- 34 Through developing the concept, we led an extensive design and engagement process with neighbouring owners which has resulted in the vertical building being massed to the front/corner of the site due to the following site-specific urban design characteristics:
- (a) **Heritage:** By pulling back from the western boundary, we have improved visibility of the important Grade 1 listed Worcester Chambers building at 63 Worcester Boulevard and provided for better public engagement with heritage elements. This was a critical element to help offset the loss of heritage necessitated by the demolition of the Harley Chambers building and is highly valued by both Heritage New Zealand Pouhere Taonga and the current owner of Worcester Chambers.
 - (b) **Heritage / Reduction of Shading:** By pulling back from the western boundary the shading impact on the Grade 1 listed Canterbury Club buildings at 131 Cambridge Terrace is minimised, and importantly year-round sunshine for their hospitality areas during operational hours is maintained. This was an important factor in obtaining the Canterbury Club's Affected Party Approval (APA).
 - (c) **Heritage / Podium:** The feature heritage podium mirrors the scale and frontage of the Harley Chambers building to be demolished, it further reinforces the street corner and maintains the existing relationship with the two neighbouring Heritage listed buildings, again a key contributing factor in achieving APAs from the owners of these properties.
 - (d) **Maintaining light and views to 141 Cambridge Terrace:** By pulling back from the western boundary and massing the vertical building towards the atrium in the Lane Neave Building. This was a critical factor in obtaining the APA from Lane Neave.
- 35 Further, were the Company to construct the building to the boundary without use of the minimal intrusion into the road reserve, the corner room on each floor would be significantly impaired and the reduced size would

not meet the 4-star hotel requirements, reducing the appeal of the building to prospective operators.

- 36 The resultant curved intrusion into the road reserve is minimal in nature. However, it enables us to utilise the curved nature of our Southeast corner boundary to create a functional room, as well as creating interest in the building via a curved façade which is then mirrored on the adjacent South West corner to provide further appeal.
- 37 In parallel to this Application we pursued the road stopping application to reflect the proposed encroachment. At a Council meeting on 21 August 2024 the Council agreed to stop the legal road above the carriageway (approximately 34.6m²) and amalgamate it with the adjoining land that that the Company owns. Accordingly, subject to completing the sale and purchase with the Council there is no impediment to implementing the design as proposed.

THE PRACTICAL ISSUES ASSOCIATED WITH THE SECTION 42A REPORT

- 38 Our expert team have been tasked with responding in detail to the matters raised in the section 42A report, particularly in terms of the recommended setbacks to both the northern and eastern façades of the hotel building.
- 39 Suffice to say that we have been absolutely dismayed with the officer's recommendations which appear to have no regard to the practical and commercial realities associated with the set-backs recommended by the Council or the realities of multi-level development of this nature.
- 40 In short, the recommended setbacks would result in 24 rooms being lost from the proposal (from a total of 200). This represents 12% of the proposed accommodation. Further, it would also be significantly more expensive and technically challenging to build. Hotel design is all about on-floor efficiencies i.e. the amount of saleable room space compared to the non-saleable gross floor area (**GFA**) attributed to core, servicing, corridors, and balconies. The effect of the section 42A report recommendations significantly reduces the on-floor efficiencies of the proposal making it impossible to offset the cost of each additional floor that is built as there are insufficient rooms to pay for the non-room GFA. Based on the Council's recommendations, the proposal simply would not be commercially viable for us to proceed with.

- 41 Mr Blair has also referred to a proposed hotel at 48 Peterborough Street (RMA/2024/1819) which he was the reporting planner for noting that setbacks for that hotel are being used for balconies. His evidence seems to imply that there are therefore no issues with a similar setback being required in relation to this development noting that “with careful thought the changes sought can be achieved”.¹
- 42 Mr Armstrong addresses the practical issues with the recommended setbacks which are not repeated here, other than to reiterate that they are numerous and include a wide range of matters including structural engineering, ventilation, screening, and waterproofing.
- 43 Any reliance on the proposal for 48 Peterborough Street should be treated with caution as our understanding is that there is a question mark over whether it is going ahead as it is commercially unviable to build.
- 44 It remains unclear to us why Mr Blair would (rightly) accept the functional and operational constraints on their being another entrance along Cambridge Terrace ground level façade (as recommended by Ms Sakin) but disregard the functional and operational considerations of his recommendations in relation to the setbacks.

CONCLUSION

- 45 We remain committed to Christchurch and want to have the opportunity to contribute to the City’s ongoing rebuild through this proposal. We implore the Commissioner to take into account the commercial realities and functional and operational consequences of the s42A officer’s recommendations.

Jonathan Lyttle and Michael Doig

2 October 2024

¹ We note that Mr Blair specifically precluded the option of the larger setbacks being used for balconies. Clearly the current application and the 48 Peterborough Street application are not comparing like with like.