PROPERTY ECONOMICS

March 2011

Plan Change 7 Section 42a

SELWYN DISTRICT COUNCIL

Code	Date	Information / Comments	Project Leader
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DISCLAIMER

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1. INTRODUCTION

Property Economics has been engaged by Selwyn District Council (SDC) to provide an economic prospective on if, and if so what type of, retail provision is appropriate within the Plan Change 7 (PC7) greenfield residential growth areas, and whether any retail provision within these areas will undermine the role, function and viability of the Rolleston and Lincoln Town Centres, either currently or in the future.

2. PLAN CHANGE 7

At a high level, PC7 seeks to provide for the strategic framework for accommodating residential growth of the Selwyn District over the next 10 years around the townships and identified growth areas within the Greater Christchurch Area, including Rolleston, Lincoln, Prebbleton and West Melton. It is viewed by SDC as a key tool to implementing the Urban Development Strategy (UDS) outcomes, as promulgated under Plan Change 1 to the Regional Policy Statement.

PC7's broad objective and policy framework is to manage residential and associated business growth in the district, with zoning of specific blocks of land relating to residential development and Outline Development Plans (ODPs) for the identification of neighbourhood centres. It is the ODPs that are the main focus of this overview.

In the first staging period, i.e. the planning period to 2020, the identified growth areas are projected to accommodate a total of 5,360 new households. It should be noted that population and household growth projections used to support PC7 are based on the UDS / Plan Change 1 projections and allocations which were determined prior to the significant Canterbury Earthquakes (in terms of damage) of 4 September 2010, 26 December 2010, and 22 February 2011. This makes the projections, and more importantly the allocations, somewhat uncertain for this commissioned report, particularly in Kaiapoi and Halswell, as well as the Central Business District and eastern suburbs of Christchurch where large areas of structural damage and land liquefaction occurred.

It is understood that no liquefaction occurred in Rolleston, West Melton, or Prebbleton, with only minimal amounts recorded in Lincoln. It is not therefore anticipated that growth areas in Selwyn District will be reduced or amended as a result of the earthquake to any significant degree and it is on this basis this report is centered. However the most recent 22 February 2011 earthquake may not only result in the need for some of the identified growth areas in the UDS to be re-evaluated, but also the desirability of those areas to potential buyers as an area to move to and live. This may well have direct consequences in terms of the staging and sequencing of greenfield residential areas and could well result in their realization sooner than what would otherwise be anticipated by Plan Change 1.

2.1. SUBMISSION IN OPPOSITION TO THE PROVISION OF NEIGHBOURHOOD CENTRE

Mr Philip Maw, of Wynn Williams & Co in Christchurch on behalf of Rolleston Square Limited, Rolleston Retail Limited and Roll Ten investments Limited, put forward a submission against the provision of neighbourhood and local centres with rationale that can broadly be narrowed to as follows:

- PC7 does not do enough to protect the existing vitality, amenity and function of the Rolleston Town Centre.
- There is no definition for Neighbourhood Centres in Policy 3.4.3.
- Objective B4.3.1 does not give direction to protect existing town centres when providing for the expansion of townships.
- In Policy B4.3.9 reference should be made throughout PC7 to the need for protection of the existing centres and prioritisation of growth given their form and function (and thereby the value that is at risk). This policy seeks to address development not in keeping with an ODP and should follow the outcomes sought within the ODP. These outcomes should include the safe guarding of the function, amenity and appropriate level of vitality of the existing retail centres.
- Policy B4.3.68 outlines the ODP for Area 1 in Rolleston. This policy provides for a 'local business centre' for which no further details of size or composition is given. No regard is given for the 'health' of the Rolleston Town Centre when considering this provision. In relation to Area 6 no definition is given for the provision of a Neighbourhood Centre.
- Despite the above, there is no need for the provision of Neighbourhood or Local Business Centres as they are unsustainable in the long term and could undermine existing centres.

2.2. ADDRESSING THE ISSUES

The key issue Mr Maw raises is in relation to the need to protect the vitality, function and amenity of Rolleston Town Centre and PC7's ability to do that. I agree with Mr Maw that PC7 needs to contain the relevant objectives and policies to ensure the long term function, role and viability of existing town centres is not potentially undermined by new retail provision. Part B4.3 of PC7 seeks to provide for business and residential growth within new and existing 'townships'. Objective B3.4.2 seeks to put emphasis on existing townships as the preferred first option for the accommodation of growth.

However, there appears to be no direct reference in PC7 to the maintenance or protection of existing townships or indeed the Rolleston Town Centre when considering accommodating retail growth through the expansion of existing or new townships. This reference to existing amenity (outside of the proposed township) is considered important as the Canterbury Regional Plan clearly sets out a hierarchy of centres with regards to their function and the need to protect that.

Local retail and commercial centres play an important role not only in providing for a local community identity and employment, but for reasons of efficiency and convenience. In my view they are a fundamental component of any centre network as they provide local enablement and access to frequently required and purchased goods and services. Such convenience needs are better and more efficiently met at a local level and where managed properly can occur without undermining the function, role, viability and amenity of the town centre network.

In order for the District (and Region) to facilitate an efficient retail and business network it is important that these smaller neighbourhood and local centres make up a part of the offer for the community and overall retail network. There is a trade off for any centre between the benefits associated with a critical mass (or economies of scale) and convenience and accessibility. In order to grow effectively, and offer the level of amenity necessary through accessibility to retail, it is crucial that smaller centres are efficiently developed, and are accessibly located, so as to meet the residential populations' needs.

The development of these centres and their associated benefits must, however, be balanced with the potential impact they will have on existing centres and their roles and functions in the community. It is not considered appropriate to sacrifice the vitality within existing centres for increased convenience for smaller sections of the community. As such it is necessary to compare, even at a general level, the likely distributional costs associated with new retail developments and their benefits to the community.

It is important that such an assessment is not concerned with simple trade competition and the protection simply of existing retailers, but is focused on the potential wellbeing of the community and whether the new development is in their best interest with regards to the location of the services.

Variation 86 in the Christchurch City Plan provides some guidance as to the nature of centre 'types' and their role and function at a general level. Being an important UDS partner, it is considered appropriate that this forms the basis for guidance as to the size and composition of these neighbourhood centres so as not to impact negatively on community wellbeing through the undermining of the vitality and amenity of existing centres.

In terms of defining neighbourhood and local centres for inclusion in PC7, in the context of the Selwyn District a Neighbourhood Centre could be defined as 'a grouping of principally convenience stores (in the order of 6-15 stores) predominantly servicing the local communities weekly and day-to-day retail requirements'. A Local Centre could be defined as 'a small grouping of convenience stores (in the order of 1-5 stores) servicing residents day-to-day retailing requirements and predominantly draws people from a localised area'. The list of activity types envisaged in these centres is shown in Appendix 1.

In the context of Selwyn District, it is my view neither of these centre types should have a supermarket as a tenant. These are important 'anchor' tenants for town centres in Selwyn and have a significant influence on the performance of a centre and shopping patterns of an area. In this regard SDC should consider a maximum store size 'cap' of around 450sqm GFA to provide greater certainty that supermarkets will not establish in these centres in the future.

Given the potential for retail impacts of proposed expansions or new 'townships' in PC7 as currently proposed, as identified earlier, it is clear that an outcome sought by these ODP's should include the safeguarding, and strategically reinforcing the wider community values associated with existing centres. The need for this outcome is reinforced by the need for recognition of these outcomes in Policy B4.3.9 which addresses development outside of these ODP's but assesses them in relation to their identified outcomes.

To provide some context on the soundness of PC7 to provide new Neighbourhood and Local Centres, Property Economics have assessed (at a high level) the additional retail expenditure and increased demand that will generated in the market by the projected growth of 5,360 households over the next 10 years. This is to show the thrust of PC7 has strong merit and is indeed required to help meet the growing retail and commercial needs of the district in the future.

Currently the Selwyn District generates around $425m per annum in retail expenditure. This is enough expenditure to sustain around 61,000sqm of net retail floorspace (approximately 87,000sqm GFA). The majority is this expenditure 'leaks' out of the district and is primarily spent in Christchurch retail centres.

The aforementioned level of growth in the district means retail expenditure will increase by an estimated $203m per annum by 2021 (in 2010 dollars) to $628m annually. This level of retail expenditure growth is enough to sustain an additional 30,000sqm net retail activity (around 43,000sqm GFA) by 2021. Accordingly, and with appropriate caveats as to the development and components of neighbourhood and local centres, adverse distributional impacts of a scale as recognized under the RMA, on the existing Rolleston Town Centre, given the extent of such growth, simply could not be anticipated.

Convenience retail is crucial to the operation and sustainability of both local and neighbourhood centres, and accordingly would be more 'enabling' than not providing for such needs to be met through the provisions of PC7. This type of retail is primarily comprised of food retailing and is generally distinguishable by the form it takes rather than the goods that are sold.

Convenience as a term in retailing obviously relates to the ease by which the goods or services offered can be obtained e.g. a dairy is highly convenient requiring a small catchment and therefore locating extremely close to its market, a supermarket however requires a larger catchment and is also generally less accessible in terms of time utilized. It terms of a retail environment's broad composition, convenience retailing makes up approximately 17% of an established catchment's retail expenditure.

In terms of convenience retail expenditure, the district currently generates an estimated $73m per annum. This is forecast to increase to an estimated $107m annually by 2021, an additional $34m annually. This is enough new convenience retail expenditure to sustain an additional 4,000sqm net (approximately 5,700sqm GFA) by 2021.

Not all this assessed additional retail floorspace should go into the existing town centre network of the district. What is also important to note is that of the total increase in retail expenditure generated in the district of $203m by 2021, only $34m is attributed to convenience retail activities of the store types provided in neighbourhood and local centres.

1. This means the remaining $169m is available to be captured by the existing town centres such as Rolleston Town Centre, and therefore it can be anticipated that there will be substantial growth in the town centres (in all likelihood at a faster rate than neighbourhood centres) of retail activity over the forecast period to ensure they remain viable, vibrant centres with high levels of amenity by virtue of the larger range of commercial and retail activities, and servicing a wider established community. This will ensure the primacy of these centres over any other ensuing neighbourhood and local centres that are developed within the district.

2.3. RETAIL HIERARCHY POLICY STRUCTURE

This phase outlines some policy as 'food for thought' for Council to consider in the development of PC7 and reflects earlier comments in this report. Policy 4.3.10

Town and Neighbourhood Centres

To:

- provide neighbourhood centres as sought in operative Outline Development Plans, to satisfy the more localised and convenience needs of people and communities; whilst
- recognising that neighbourhood centres are to remain compatible with existing Town Centres which should remain the primary focus for commercial, social and community activity within each Township.

Explanation and Reasons

The Town Centres within each township currently serve an important function as significant physical resources providing for the social, cultural and economic wellbeing of their respective communities of influence. Crucially such town centres serve as focal points in terms of providing important public and private services and facilities in the most efficient manner to the wider community, and should remain the focus of commercial, business and retail development in future.

The majority of such Town Centres are comprised of a core business area providing primarily retail, service and limited community activities. It is considered that over time that the range and diversity of such functions, including that of office and commercial activity will increase.

Whilst the Business 1 zone rules also apply to neighbourhood business areas shown on ODPs, the services and facilities provided for such centres are generally to have a more localised area of influence due to their limited range of activities and accessibility, and accordingly need to be compatible with the existing Town Centres, and not compete with them in terms of being a substantial business or retail destination at a strategic level. Accordingly, such neighbourhood centres, as identified by the ODPs should:

Range in size, but generally 1,000m^2 - 2,000m^2 total floorspace and include:

- up to 15 shops, with a maximum retail tenancy of 450m^2 GFA; and provide

- a limited range of community facilities

2.4. CONCLUSION

Overall, I agree with the direction of PC7 and what it is trying to achieve in respect of local retail provision. However, I agree with Mr Maw that a greater level of clarity is required in PC7 around what can actually be established in these centres to ensure the primacy and function of the existing town centres is not undermined in the future.

However, I disagree with Mr Maw's submission that there is no need for neighbourhood or local centres in the district and that they are unsustainable in the long term. To the contrary, based on the aforementioned analysis and reasoning in my view development of a neighbourhood and local centre network in PC7 areas is an essential component of providing efficient community enablement and economic and social wellbeing, and an essential part of helping meet the future populations' retail and commercial needs without compromising the integrity or viability of the town centres.

In simple terms, the provision of such facilities, subject to caveats as to the scale of the centre and its composition as recommended, could not generate adverse effects of a scale that could be recognized under the RMA. Furthermore, the provision of such centres would be more enabling in terms of community and social wellbeing, than not providing for such centres.

As such, subject to some amendments to PC7 as suggested in this statement, I support PC7 in respect of its proposed retail and commercial provision.

APPENDIX : 1 CONVENIENCE STORE TYPES

Note this is not intended to represent an exhaustive list:

- Superette / Dairy
- Fish shop
- Butcher
- Bakery
- Post Shop / Stationery
- Fruit & Vege Shop
- Delicatessen
- Cake Shop
- Ice Cream Parlour
- Liquor / Wine Shop
- Takeaways (Fish & Chips, Pizza, Chinese, Thai, Turkish, Indian, etc)
- Cafés
- Restaurants
- Video store
- Chemist
- Newsagent
- Pub / Bar
- Florist
- Camera / Photography Shop
- Gift Shops
- Optometrist
- Locksmith
- Hairdresser
- Drycleaners
- Doctors
- Accountants
- Physiotherapists
- Medical practitioners
- Dentist
- Child care facilities
- Gym
- Lawyers