

Attachment B – Insight Economics RFI Response Memo

Technical Memo

To:	Selwyn District Council	From:	Insight Economics
Date:	Monday, 19 August 2024	Page:	4 (including this page)
Subject:	PC240002: Private Plan Change Request to the Partially Operative Selwyn District Plan (V2) by Foodstuffs (South Island) Properties Limited at 157 Levi Road, Rolleston – Request for Further Information – Economics Response		

This technical memo has been prepared in response to the request for further information (RFI) issued by Selwyn District Council on 21 June 2024 for the private plan change (PPC) request to the Partially Operative Selwyn District Plan (V2) (PODP) at 157 Levi Road, Rolleston in relation to economic queries 2.1 - 2.3 raised by Derek Foy of Formative, following peer review.

Query 2.1: *Please provide an assessment of the potential retail distribution effects on the Rolleston town centre, and if relevant other Selwyn centres, of the range of activities that would be permitted within the proposed LFRZ zoning of the PPC area, beyond that assumed in the IEL report.*

Reason for request: *The IEL report assumes that the PPC area will accommodate a supermarket and a trade retail/trade supply store such as a Mitre 10, and assesses the potential for retail distribution effects on that basis (section 6). That supermarkets/Mitre 10 configuration may be a likely outcome if the PPC request is approved, acknowledging that a Pak'nSave supermarket is consented on the Site and discussions have occurred with Mitre 10, however it is also possible that if rezoned as requested other permitted activities might instead establish in the PPC area. At 7.3ha, the PPC area is large enough to accommodate a significant range of other activities, including, for example, well over 20,000m² of large format retail tenancies. The economic effects of alternate development scenarios have not been presented, but are required to understand the merits of the request. In formulating a response, the assessment should take into account the presence of the 18ha of operative LFRZ at Jones Road, Rolleston, and the fact that no development has yet occurred on that land, notwithstanding the IEL report's observation that a consent has been issued.*

Insight Economics Response to Query 2.1:

The proposed amendments to the LFRZ provisions, coupled with the requirements outlined in the PODP, significantly constrain the site's future development potential. These constraints effectively limit the realistic development scenario for this site to:

1. One supermarket; and
2. One trade-based retail activity.

It's important to clarify that the proposed rule amendments explicitly restrict the development possibilities on the site, addressing the concern about potential alternate scenarios:

- Retail activities are limited to a single supermarket with a minimum gross floor area (GFA) of 6,000m².

- Only one trade-based retail activity is permitted, which must also occupy a minimum GFA of 6,000m².
- Food and beverage activities are only permitted as ancillary to a trade retail and trade supplier activity, with a maximum GFA of 250m².

Any departure from the above activities would attract non-complying activity status.

This intended development outcome is further reinforced by the proposed Outline Development Plan for the site, which identifies the indicative building footprints for a supermarket (being the consented and currently under construction PAK'nSAVE) and a trade-based retail activity.

These specific requirements effectively prevent the establishment of "a significant range of other activities" as suggested in the query. The proposed amendments are designed to preclude such alternative development scenarios.

Given these constraints, the economic effects assessed in the report, which focuses on a supermarket and a trade retail/trade supply store scenario, accurately reflect the most likely and practically feasible development outcome for the site. The proposed amendments effectively mitigate the risk of alternate development scenarios that could potentially have more significant retail distribution effects on the Rolleston town centre or other Selwyn centres.

Regarding the query's reference to the 18ha of operative LFRZ at Jones Road, Rolleston, this matter is addressed in detail in response to Query 2.2 below.

Query 2.2: *Please clarify the statement that "the proposed Mitre 10 is well-suited to the Site and cannot feasibly or logically locate elsewhere in Rolleston".*

Reason for request: *The IEL report assesses the most appropriate location for the proposed Mitre 10, not the feasibility of locating in other locations in Rolleston. It is important to understand how the IEL report's conclusion about feasibility is supported given the lack of feasibility assessment. It would also assist interpretation of this feasibility conclusion if some commentary were provided on why a location north of the railway line in Rolleston is considered to be unfeasible for a Mitre 10 store, but is suitable for a Bunnings (as noted in RC07072022 referred to in the IEL report) and a large format retail centre.*

Insight Economics Response to Query 2.2:

The remarks about feasibility were not intended to be interpreted in the context of the National Policy Statement on Urban Development (NPS-UD). Rather, the term "feasible" is used interchangeably with "optimal" to describe the site's suitability.

To clarify, the position adopted is that the Mitre 10 cannot be **optimally** located elsewhere in Rolleston due to the unique locational advantages of the subject site. While alternative locations such as the iZone exist, they present suboptimal conditions. The iZone, for instance, is situated on the opposite side of the State Highway and across rail tracks, which is considered less favourable given that nearly

80% of the district's population lives south of there, and with most construction activity also projected to occur south of there over the long term.

To put it slightly differently, the subject site offers several key advantages, including:

- Proximity to future construction areas, minimising travel times and distances for store users (and thus helping to reduce the overall cost of construction).
- Central location within the core catchment of households, facilitating easy access for day-to-day items and DIY materials.
- Convenient access for tradespeople sourcing building materials.

No other available site in or around Rolleston offers this combination of locational benefits. Therefore, while it may be possible to locate the Mitre 10 elsewhere, no other site performs as well as the subject site.

In essence, the statement aimed to emphasise the eminent suitability of the proposed location rather than suggest an absolute impossibility of alternative sites.

Query 2.3: *Please provide some commentary of the possibility of the PPC request encouraging commercial activities to seek to establish along Masefield Drive, between the PPC area and the eastern edge of the town centre.*

Reason for request: *Because the PPC area is only 400m from the edge of the Rolleston town centre along Masefield Drive, it is possible that if the PPC request is approved, and a large format retail development is established within the PPC area, then the area along Masefield Drive will come to be attractive to commercial activities, including small format retail, food and beverages, and offices. This may have the effect of some of these activities not establishing in the town centre, and therefore detracting from the Town Centre Zone being the primary focus point for commercial activities in the District.*

Insight Economics Response to Query 2.3:

While appreciation is given to the concern raised regarding potential commercial sprawl along Masefield Drive, this concern is largely unfounded for the following reasons:

1. **Zoning Restrictions** - Most of Masefield Drive is zoned MRZ under the PODP, which does not permit (or indeed anticipate) widespread commercial activity (non-complying activity), effectively limiting any potential for commercial sprawl.
2. **Current Land Use** - An inspection of all properties along Masefield Drive using Core Logic's Property Guru reveals the following composition: 56 residential properties, 3 commercial properties (all within the existing Town Centre Zone (TCZ)) and one reserve.

3. **Limited Town Centre Zoning** - As noted above, the TCZ covers only a few properties on Masfield Drive, specifically those already developed for commercial use (Rolleston Square shopping mall, The Warehouse, and Noel Leeming).
4. **Existing Development** - Masfield Drive is substantially built out, leaving little room for new commercial development without significant redevelopment of existing residential properties. Given that 91% of these residences were constructed within the last 20 years, and property ownership is fragmented across individual parcels, comprehensive commercial redevelopment is improbable in the foreseeable future.
5. **Regulatory Safeguards** - The PODP contains provisions to protect the primacy of the TCZ. Any attempt to establish commercial activities outside this zone would require resource consent as a non-complying activity, allowing Council to assess potential impacts on the town centre from both an effects and policy perspective.

Given these factors, there is no material risk of the PPC encouraging commercial activities to establish along Masfield Drive between the PPC area and the eastern edge of the town centre. The existing zoning, current land use, and regulatory framework all serve to maintain the TCZ as the primary focus for commercial activities. In short, the PPC is unlikely to detract from the role and function of the TCZ.

Sincerely,



Fraser Colegrave
Managing Director
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