

**BEFORE HEARING COMMISSIONERS
IN TIMARU | TE TIHI-O-MARU ROHE**

In the matter of the Resource Management Act 1991

And

In the matter of the hearing of submissions in relation to the Proposed
Timaru District Plan

Between **THE REDWOOD GROUP**

Submitter & Further Submitter

And **TIMARU DISTRICT COUNCIL**

Planning Authority

STATEMENT OF EVIDENCE OF NATALIE HAMPSON (ECONOMICS)

JGH

JGH Advisory
M: +64 21 277 1425
E: james@jgh.nz

INTRODUCTION

Qualifications and experience

1. My full name is Natalie Diane Hampson. I am the Director of Savvy Consulting Limited and was previously a Director at Market Economics Limited (M.E) from mid-2019 to the end of October 2023. I hold a Master of Science degree in Geography from the University of Auckland (first class honours).
2. I have worked in the field of economics for over 20 years for commercial and public sector clients with a particular focus on economic assessment within the framework of the Resource Management Act (RMA). Since 2001 I have specialised in studies relating to land use analysis, assessment of demand and markets, the form and function of urban economies and growth, policy analysis, and evaluation of economic outcomes and effects, including costs and benefits.
3. I have considerable experience in the field of retail economics, including modelling and assessing commercial centres, their role in urban economies, shopping behaviour (spending patterns and trip behaviour), understanding demand and supply, and assessing the distributional effects of retail development.
4. Over my career I have worked on retail and commercial centre projects throughout New Zealand, advising councils and landowners. This includes work for some of New Zealand's largest retailers and developers. I have also provided evidence on a range of plan changes, submissions and resource consent applications relating to commercial centres in the Canterbury Region. This includes Plan Change 5, Halswell North, and Belfast North in Christchurch City; the proposed Large Format Retail Zone and Lincoln Town Centre in Selwyn District; and the proposed centre in Plan Change 31 in Waimakariri District. I also have a sound knowledge of the National Policy Statement for Urban Development (NPS-UD), having provided both housing and business demand and capacity assessments (HBAs) to several councils. I continue to work extensively in the NPS-UD policy space.
5. I am familiar with the Submitter's request to amend the provisions applying to the proposed Large Format Retail Zone (LFRZ) on the former Showgrounds site in Timaru. This includes knowledge of their stage 1 development and the resource consents they have been issued since purchasing the land.
6. I was not involved in preparing Redwood Group's submission on the notified Proposed District Plan (PDP).

Purpose and scope of evidence

7. My evidence considers the Submitter's latest relief from an economic perspective, including positive and potential adverse effects. The first section of my evidence considers the GFA cap and timing threshold provisions. The second section provides discussion and analysis (where applicable) on specific activities sought within the LFRZ (Former Showgrounds Precinct) as Permitted or Restricted Discretionary Activities (RDAs).
8. My evidence takes into account previous economic assessments carried out by, or for, Timaru District Council (TDC) as well as more recent trends in employment and business activity across the Timaru urban area (township) to bring aspects of those reports up to date. I also consider the recommendations contained within the Section 42A Report (s42A), and the wider planning and zoning framework contained in the notified PDP, focussing primarily on the commercial centre network.
9. In preparing this evidence, I have read and/or relied on the following:
 - a. The Operative Timaru District Plan (ODP) and the notified PDP;
 - b. The District Town Centres Study 2016, February 2017 by Timaru District Council;
 - c. The s32A report for Commercial and Mixed Use Zones dated May 2022;
 - d. The Showgrounds Hill Timaru Retail Threshold Overview, June 2020 by Property Economics;
 - e. The Timaru District Business Land Economic Assessment, June 2019 by Property Economics;
 - f. The Timaru District Business Land Economic Assessment, June 2021 by Property Economics;
 - g. The Timaru District Residential Capacity Economic Assessment, February 2022 by Property Economics;
 - h. StatisticsNZ annual population estimates, population and household projections, and the Business Demography data (detailed data on business and employment counts for industry and statistical area throughout the district);

- i. The s42A Report for Residential; and Commercial and Mixed Use Zones dated 18 June 2024.
- j. The planning evidence of Ms Hoogeveen for Redwood Group dated 5 July 2024; and
- k. The corporate evidence of Mr Hudson for Redwood Group dated 5 July 2024.

Expert witness code of conduct

- 10. I have been provided with a copy of the Code of Conduct for Expert Witnesses contained in the Environment Court's 2023 Practice Note. While this is not an Environment Court hearing, I have read and agree to comply with that Code. This evidence is within my area of expertise, except where I state that I am relying upon the specified evidence of another person. I have not omitted to consider material facts known to me that might alter or detract from the opinions that I express.

SUMMARY OF EVIDENCE

- 11. The notified PDP relied on a 2020 review of the Showgrounds site GFA thresholds and activity rules to justify substantial reductions in the development opportunity of the LFRZ. The proposed provisions significantly slow the potential rate of floorspace development that was otherwise enabled by the ODP and reduce the mix of activities that could otherwise be provided in the centre. Irrespective of whether the development in the zone had already been consented prior to notification, I consider that the proposed changes would have significant adverse effects on the commercial feasibility of developing the site (given the economics of development) and would adversely affect the ability of the LFRZ to support economic development and wellbeing in the district and wider sub-region over the long-term.
- 12. The development of the Showgrounds site has however been consented by Council. This consent was issued after the threshold review was carried out but before the PDP was notified. This consent gives effect to the ODP provisions for the zone. Not only are the notified provisions largely redundant (in terms of the economic effects Council purported would be achieved), but they undermine the value of the land – which was purchased based on the development opportunities set out in the ODP.
- 13. I have assessed recent business and employment activity in the Timaru City Centre. It shows a diverse economic role as would be expected of a CBD, with retail activity one of many sectors that contribute to the overall function, viability and vitality of the City Centre. Further, the City Centre has continued to experience growth in recent years,

including in the retail sector. I consider that the performance of the City Centre is improving and the proposed provisions for the CCZ and MUZ will further strengthen the commercial feasibility of redevelopment in the City Centre which will be key to its ability to attract new businesses and investment going forward.

14. While the potential economic effects arising from the development of the Showgrounds site on the City Centre have already been considered by Council to be acceptable in light of the wider economic benefits of providing for a LFR centre in Timaru (through the ODP and subsequent consents), I consider that the City Centre will be more resilient to trade competition effects under the PDP, such that any potential distributional effects caused by the continued growth of the LFRZ will likely be minor, and not 'significant' as considered by Property Economics in their 2020 review.
15. Having considered potential economic cost and benefits, I support Redwood Group's latest relief, as set out in Ms Hoogeveen's evidence. This includes the retention of the development opportunities provided by the ODP for the LFRZ (both activity mix and GFA thresholds). I also support the addition of specified additional activities that will increase the functional amenity of the LFRZ for local workers and the surrounding local community. These activities support the efficient use of the LFRZ site while not resulting in adverse distributional effects on the role and function of the CCZ.

LFRZ GFA CAP AND THRESHOLDS

Threshold Cap and Staging

ODP Provisions and Retail Threshold Overview 2020

16. The ODP threshold and staging enabled up to 34,000sqm GFA of retail, trade suppliers, offices, personal services and food and beverages to be open to the public by July 2027. I consider that this staging opportunity likely influenced the capitalised value of the land, and therefore the price paid by the Submitter.
17. The S32A report considered that there was sufficient economic evidence to support changes to the LFRZ provisions. The S32A author relied on the Property Economics Retail Threshold Overview (June 2020)¹ which was high-level and contained no analysis to support the recommendations. Nonetheless, based on the recommendations of that report, the notified PDP pushed the full development threshold out to 2038, meaning a slower rate of growth and therefore a slower rate of

¹ Peer reviewed and amended version.

return on the investment, including the owner's ability to recover costs on fixed development costs not linked to staging.

18. In my view there are economic implications of the notified changes to the thresholds not limited to managing risks of distributional effects that have not been taken into account. This is important as local authorities are required to provide business development capacity that is suitable (commercially feasible) to develop.²
19. I have read the Threshold Report and make the following points:
 - a. It would appear that Property Economics were under the impression that the 2% allowance for office and personal services, and the 4% allowance for restaurants was net additional to the 34,000sqm cap. This was not the case. They also had no regard for the requirement for the combined share of these activities to be 5% (not the additive total of 6%). They had correctly identified that places of assembly (6,000sqm) is separate to the GFA cap. However, because of the above assumptions, they considered the total permitted GFA was circa 42,000sqm, when it is 40,000sqm under the ODP rules. Their baseline for assessing effects was therefore slightly inflated.
 - b. The report considered that the Showgrounds site competes directly with the City Centre. This seems to disregard that trade supply – a permitted activity that is included in the GFA cap of the Showgrounds site in the ODP – is not an activity that would be considered suitable in the City Centre. Including trade supply in the floorspace developed on the site, will correspondingly reduce the amount of retail (and other permitted) floorspace that can be developed and that could potentially generate distributional effects.
 - c. This particular Property Economics report makes no mention of retail leakage from Timaru and the wider District/sub-region in their assessment, but both leakage and inflow of spending from outside the district was assessed in their earlier 2019 report (discussed below) and so is presumed to have informed their position. The conclusion was that in total, there was as much retail spend leakage as there was inflow, but at a retail store type level, there was still net leakage from most sectors, and only net inflow for supermarkets and department stores. This was based on data from 2015-2016.
 - d. Property Economics assumes that all retail floorspace growth in the Showgrounds Site can only be sustained by drawing spend away from other

² NPS-UD Clause 3.3(2)(c).

centres in the district. This is not the case and does not appear to factor in the ability of the Showgrounds site to reduce leakage from Timaru and the wider district/sub-region and simultaneously increase inflow due to a better local offering. It is my understanding that Property Economics project retail demand based on a business as usual demand capture. The Showgrounds site provides an opportunity (capacity) to attract more national LFR brands to Timaru where there is not sufficient or suitable capacity to accommodate them in other zones. This is outlined in the objectives of the zone. In doing so, it provides an opportunity to recapture a large share of retail spending leakage that was likely heading to Dunedin, Christchurch or online by both district and sub-regional residents. This market reality is fundamental to the potential for distributional effects on the Timaru City Centre and other existing centres in the district. It reduces the potential for distributional effects. As such, I consider that Property Economics exaggerates the significance of distributional effects on the City Centre that could be generated by the Showgrounds site as it develops.

- e. The Property Economics report also considers that LFR in the City Centre is “integral to the Timaru City Centre’s long term economic performance, viability, vibrancy and wellbeing” (page 3). I consider that this overstates the role of LFR in the City Centre. For example, at the time of Property Economics Report (2020), total retail businesses (LFR and small scale, and excluding food and beverage), accounted for just 12% of all businesses in the Timaru Central SA2, and just 17% of employees. This means that LFR accounted for only a portion of those percentages. The City Centre has a diverse role with multiple sectors contributing to its performance, viability and vibrancy.
- f. The report disregards the adverse effects that some LFR buildings can have on active streetscapes. LFR is also predominantly car based retail which challenges the ability to create pedestrian-focussed shopping environments. In other words, there are some disbenefits of having large amounts of LFR in core shopping areas.
- g. The recommendations by Property Economics (that were adopted in the notified PDP) focussed on trying to “channel” office and personal services, and all but two food and beverage premises to the City Centre, while disregarding the potential benefits that such activities would make to the functionality of the Showgrounds centre for shoppers and workers, or how those activities might assist with the commercial feasibility of delivering LFR activities. The report

does not contain any specific consideration or assessment of the distributional effects of those activities (and the GFA limits applied to them) on the City Centre.

- h. Further, Property Economics has not considered the potential counterfactual of demand for those activities occurring in other commercial centres/zones where they are enabled rather than the City Centre. For example, there are some neighbourhood and local centres in northern Timaru that new businesses might consider to be the next best alternative to serve workers and residents in northern Timaru. As such, removing such activities from what is enabled in the zone will not necessarily be effective in channelling that floorspace to the City Centre.
- 20. Not only does Property Economics seek to reduce the development potential of the Showgrounds site over the life of the PDP, it also suggests that Council could further review the thresholds for the next District Plan Review (page 5). This approach seems to completely disregard the property rights of the landowner, and the significant risk this would have on investment certainty.
 - 21. It is important that the LFRZ is functional and viable in its own right and that an appropriate level of vitality is enabled as it is in other zones. The s32A report considered that the notified provisions “enable a range and mix of activities in each zone that reflect the purpose of the zone and are expected to promote the vitality and viability of these centres” (page 50). I disagree, as the changes proposed to the LFRZ thresholds as notified (and limitations on the activities enabled by the PDP) would have a detrimental effect on the vitality and viability of the zone.

Property Economics Business Land Assessment 2021

- 22. Property Economics prepared a report in 2019, and later updated in 2021, to assess the business land market in the district (retail, commercial and industrial) to determine whether there was sufficient zoned (and consented) activity to meet long-term requirements and assist with policy development for the PDP. The report found that there was at least sufficient commercially zoned and consented land (which included the Showgrounds site) to meet the future requirements of the district over the next 20 years. As a result, they recommended a consolidation approach to commercial activity to better support the role and function of centres and urban efficiency.
- 23. The report had as a particular focus on the performance and vitality of the Timaru City Centre and whether it is performing its role and function as intended and what policy

response may be required to improve that performance, role and function in the future. At the time, the report assumed a LFRZ adjoining the City Centre Zone. This draft PDP option was discarded in the notified PDP, replaced by a MUZ.

24. The Property Economics Business Report examined employment growth between 2000 and 2020 at the total district level and for the Timaru City Centre (defined by the Timaru Central SA2). The report provides a breakdown by 1 digit ANZSIC and 4 broad aggregations of those industries. The text in the report examines growth trends over the previous 20 years, with the highest percentage growth sectors over that whole period being mining, construction and utilities/waste services. In nominal growth terms, the highest growth sectors were construction, healthcare and social assistance, and transport, postal and warehousing. While the 'Retail' sector had grown, it had had below average growth rate.
25. To help inform my assessment on the appropriateness of the ODP GFA thresholds (i.e. retaining the status quo for the LFRZ) I have extracted the next three years of data from the same data source as Property Economics to examine the most recent employment trends since 2020 (the last year examined in their report). My 2020 numbers vary by 1% in total, demonstrating consistency in the data sourced.³
26. Table 1 contains recent employment trends by broad industry for the total district. It shows a minor decrease in total district employment in 2021 due to Covid-19, but by February 2022, total employment was essentially back to 2020 levels. Employment continued to grow modestly to 2023. Total employment growth across the district between 2020 and 2023 was 396 employees or 2% (slightly ahead of population growth in that same period (1%). The biggest growth sectors in percentage terms were Information Media and Telecommunications (33%), followed by utilities and waste services (28%) and other (personal and household) services (15%). In nominal terms (and highlighted in green), Construction had the largest increase in employment (177 jobs), followed by Retail (102 jobs) and other services (96 jobs). While only 23% of the growth between 2020 and 2023 occurred in the last year (i.e., 2022-2023) at the district level, 97% of the growth in the retail sector occurred in the last year.

³ Slight variations are driven by how the data is 'cleaned' to un-mask confidential values in the dataset at the finest spatial disaggregation.

Table 1 – Employee Counts by 1 Digit ANZSIC for Total Timaru District 2020-2023

ANZSIC06 1D Name	2020	2021	2022	2023	2020-2023 (n)	2022-2023 (n)
Agriculture, Forestry and Fishing	2,261	2,249	2,330	2,029	- 232	- 302
Mining	64	32	23	34	- 31	- 11
Manufacturing	5,051	5,101	5,116	5,114	63	- 2
Electricity, Gas, Water and Waste Services	233	231	253	298	66	45
Construction	2,067	2,180	2,289	2,244	177	- 45
Wholesale Trade	949	843	865	891	- 59	26
Retail Trade	2,383	2,328	2,386	2,485	102	99
Accommodation and Food Services	1,320	1,329	1,341	1,366	46	25
Transport, Postal and Warehousing	1,563	1,603	1,575	1,609	46	34
Information Media and Telecommunications	141	147	154	188	47	34
Financial and Insurance Services	319	328	288	304	- 15	16
Rental, Hiring and Real Estate Services	228	231	239	244	17	6
Professional, Scientific and Technical Services	840	809	819	835	- 6	16
Administrative and Support Services	805	766	823	838	33	15
Public Administration and Safety	704	662	688	739	35	51
Education and Training	1,681	1,644	1,653	1,711	30	58
Health Care and Social Assistance	2,901	2,897	2,952	2,948	47	- 4
Arts and Recreation Services	290	249	244	223	- 67	- 21
Other Services	645	674	710	741	96	31
Total District	24,444	24,305	24,747	24,840	396	93

Source: StatisticsNZ Business Demography, YE February, Employee Count

Table 2 – Employee Counts by 1 Digit ANZSIC for the Timaru Central SA2 2020-2023

ANZSIC06 1D Name	Employees 2020	Employees 2021	Employees 2022	Employees 2023	2020- 2023 (n)	2022- 2023 (n)
Agriculture, Forestry and Fishing	143	163	201	245	102	45
Mining	-	-	-	-	-	-
Manufacturing	149	143	157	145	- 4	- 12
Electricity, Gas, Water and Waste Services	19	23	22	19	-	- 3
Construction	296	318	379	384	88	5
Wholesale Trade	124	109	145	135	11	- 10
Retail Trade	846	790	872	868	21	- 5
Accommodation and Food Services	408	389	354	384	- 23	30
Transport, Postal and Warehousing	81	114	112	109	28	- 3
Information Media and Telecommunications	111	116	116	164	53	48
Financial and Insurance Services	165	176	147	158	- 7	11
Rental, Hiring and Real Estate Services	49	49	46	44	- 5	- 2
Professional, Scientific and Technical Services	423	421	375	384	- 39	9
Administrative and Support Services	388	404	406	347	- 41	- 58
Public Administration and Safety	591	550	526	593	2	67
Education and Training	202	198	193	198	- 4	5
Health Care and Social Assistance	761	763	707	740	- 22	32
Arts and Recreation Services	31	29	30	31	1	2
Other Services	201	217	224	225	25	1
Total Timaru Central SA2 (City Centre)	4,988	4,970	5,012	5,174	186	162

Source: StatisticsNZ Business Demography, YE February, Employee Count

27. I have also updated the analysis of employment in the Timaru city centre (as defined by the Timaru Central SA2). Results are summarised in Table 2. This compares with Table 5 in the Property Economics 2021 report. Again, the 2020 data is less than 1%

different from the Property Economics figures, demonstrating consistency. Key findings:

- a. While the City Centre employment grew by 678 over the 20 years from 2000 to 2020 (an annual average increase of 34 employees), in the three years since 2020, the employment grew by another 186 (an annual average increase of 62 employees and total growth of 4%). This shows that not only has total employment in the City Centre continued to increase slowly, but it is also growing relatively faster than it was.
- b. The retail trade sector increased since 2020, although only modestly in net terms (there was a slight drop between 2022 and 2023). However, Property Economics shows that Retail Trade made up 17% of total City Centre employment in 2020, and this is still the case in 2023. That means that the retail sector has been growing commensurate with the City Centre overall.
- c. The fact that retail trade only accounts for 17% of employment highlights the diverse role of the City Centre as a place of employment. Even faced with trade competition from outside of the City Centre in the retail sector (for example), the diverse role of City Centre provides a measure of resilience against significant centre-wide losses of functional and social amenity.
- d. Importantly, in 2020, the Timaru City Centre (SA2) had a 36% share of total employment in the district's retail trade sector. As at 2023, it has the same 36% share. This means that the City Centre's relative retail role is holding steady. Furthermore, the City Centre's share of total district employment has increased marginally from 20% in 2020 to 21% in 2023. This trend differs from Property Economics' findings based on 2000-2020 – where City Centre share of district employment had dropped from 24% to 20%. The most recent data shows that further decline has halted in recent years.
- e. Analysis of related data shows that between 2020 and 2023, the number of businesses registered to an address in the Timaru Central SA2 increased from 1,022 to 1,179 (net growth of 158 business (15%)). When you include sole traders and working proprietors not included in the employee statistics (Table 2), total jobs in the City Centre increased by 278 between 2020 and 2023 (5%).

Relief and S42A Recommendation

28. The stage one of the Showgrounds LFR centre has only recently opened, and it is too soon for employment in that centre to be captured in the StatisticsNZ economic

datasets. It is therefore too soon to identify any changes in business counts and employment in the City Centre (already anticipated and accepted by the ODP) that may be attributable to the Showgrounds LFR centre (and not other economic factors). Even so, I support the retention of the ODP GFA thresholds for four key reasons:

- a. I consider that changing the ODP thresholds (other than removing thresholds that have already elapsed) at this stage in the centre's development unfairly undermines the financial viability and investment planning of the LFRZ.
 - b. It appears that a key driver of placing further constraints on the rate of growth in the LFRZ is to improve the performance of the City Centre Zone. My understanding of the relevant background reports to the PDP is that some of the performance issues experienced by the City Centre are not (and will not be) driven by distributional effects. Minimising distributional effects will not necessarily be effective without other issues also being addressed.
 - c. While not a comprehensive review of performance indicators, an analysis of recent business and employment growth indicates that the CBD is in a relatively better position than it was in 2020 when Property Economics made those recommendations (and despite the effects of Covid-19) to withstand some trade competition. The effect of proposed provisions for the City Centre Zone in the PDP will also strengthen the City Centre's ability to be competitive in the Timaru commercial land market going forward relative to the status quo, including by increasing the feasibility of redevelopment. This will help counteract any distributional effects that arise from the rate of growth enabled by the ODP thresholds.
 - d. Last, and perhaps most relevant, since that Property Economics Threshold Overview was prepared, consents have been issued by the Council that give effect to the ODP thresholds. These consents are discussed further in the submitter's other evidence, and I do not repeat them here. It is uncertain why this was not acknowledged by the S32A officer. It was known and accounted for the Property Economics 2021 Business Land Assessment report.
29. These consented activities/conditions had already rendered some of the drafted changes redundant/ineffective. The S42A Report identifies this, and on that basis supports the retention of the ODP staging thresholds (and some of the permitted

activities that go with them).⁴ I support the S42A recommendations for the reasons set out above.

Relief Sought - Additional 6% Floorspace of Permitted Activities (Discretionary)

30. One of the ODP standards that has not been carried over in the S42A report recommendations is the ability to apply for up to an additional 6% of GFA above the 34,000sqm GFA cap. This would require a Discretionary Consent. This standard signalled that some further expansion of the centre was contemplated by the ODP, subject to managing adverse effects. As set out in Mr Hudson's evidence, LFR centres face a number of challenges in the current market and so a consenting pathway to provide for further floorspace was taken into account when purchasing the land.
31. From an economic effects perspective, there does not appear to be a strong rationale for not including it in the PDP. As a Discretionary activity, there would be adequate opportunity for economic effects (including potential for distributional effects on the City Centre Zone and any positive economic effects of the proposed increase) to be assessed at that time. Such an assessment would include a contemporary assessment of the health of the City Centre Zone, as well as any changes in demand, capacity and sufficiency of commercial centre land in the Timaru urban area.
32. The quantum of additional floorspace that could be sought is also minor in the context of permitted floorspace existing supply across the centre network. 6% of 34,000sqm GFA equates to 2,040sqm of additional floorspace for permitted activities, or alternatively 6% of 40,000sqm GFA equates to 2,400sqm (should the panel agree to the 6,000sqm GFA of Gymnasiums and Recreation Activities in lieu of the Places of Assembly provision). Further, it is possible that even if this Discretionary activity was triggered, it may not mean that all 6% is sought (or consented). One of the benefits of the rule is that it allows some flexibility in the design process when the desired or most efficient built form does not fit neatly within the 34,000sqm or 40,000sqm cap.
33. Overall, I consider the risk of including this Discretionary consent pathway is very low and, if utilised by the landowner, may generate positive and economic effects which can be evaluated at the time. I support its retention in the PDP provisions for the LFRZ (Former Showgrounds Precinct).

⁴ It is not clear from reading the S42A report why the remainder of ODP provisions were not also carried over.

RELIEF SOUGHT FOR LFRZ - ACTIVITIES

Food & Beverage, Offices, Personal Services

34. I support the s42A recommendation to restore the ODP provision for Cafes (now Food and Beverage) to account for up to 4% of the total permitted retail and trade supply cap (i.e., up to 1,360sqm GFA) and Personal Services and Offices to account for up to 2% of the total permitted cap (i.e., up to 680sqm GFA), and in combination not exceed 5% of the total as a Permitted Activity (i.e., up to 1,700sqm GFA). I do note that this is very prescriptive approach but appreciate that its purpose was likely to ensure that non-LFR activities played a relatively small role in the centre, while still providing for a mix of activities.

Food and Beverage

35. The notified PDP rule for allowing only two food and beverage premises neither acknowledged what was already consented (some of which is operational in Stage 1 of the centre) or that the role of the zone is to “accommodate large numbers of people” (LFRZ-O2). In my opinion limiting food and beverage premises to two only would not be sufficient to meet shopper demand in the centre and would have unduly compromised the centre’s functional amenity.
36. Furthermore, the majority of likely food and beverage outlets will be sustained by cross-shopping behaviour rather than being destinations of spending in and of themselves. Their role is to complement the retail activity provided in the same way that food and beverage activities contribute to the role of other commercial centres. This means that including food and beverage offering in the LFRZ will not be directly drawing food spend away from other centres, including the City Centre Zone.
37. Put another way, if there was no food and beverage supplied in the LFRZ, this does not mean that shoppers in the centre would then drive to the City Centre Zone to buy food. Purchasing food while visiting/shopping in the LFRZ will be, for the most part, a convenience and opportunistic response. It also provides important amenity for the zone’s workforce (and the workforce of the surrounding industrial area).
38. The District Town Centre Study (2016) indicated that food and beverage spending leakage from the district was one of the highest of all retail categories at that time. Care is needed with interpreting leakage data, as holiday spending forms a key part of that leakage and food and beverage is a key part of holiday spending. However, the report did indicate that a lot of retail spending leakage was going to Christchurch. District residents are likely purchasing food on those shopping trips to Christchurch (with the

food shopping unlikely to be the primary purpose of that trip). One of the benefits of providing a LFR centre in Timaru is to try and reduce retail leakage to Christchurch. It is important that the food spending that goes with that retail spending is provided for.

39. While the food and beverage sector in the Timaru City Centre in 2016 was found to be lacking, it is important that other centres are not unduly constrained to provide good opportunities for food and beverage supply as doing so would not support an efficient urban form or necessarily resolve a poorly performing sector in a specific location. That same 2016 report indicated that food and beverage spending (demand) was projected to have strong future growth which creates an opportunity for the market to increase supply. It is appropriate that some of that supply occurs in the LFRZ former Showgrounds precinct given that it is an important shopping destination in the Timaru urban area.

Office and Personal Services

40. These are potentially two quite different types of activities to provide for in the LFRZ. A limited amount of Personal Services, in a similar way to food and beverage activities, will complement the retail activity provided for and enhance the ability to meet some additional household needs while visiting the LFR centre (i.e. it increases the functional amenity of the Zone, while the limits on GFA ensure that they make up only a small share of the overall centre role (and much less than would be possible in other centres where the mix of activities is not prescribed)). I support the retention of a small amount of Personal Services activity as provided for in the ODP.
41. Office activity can take the form of business activity that operates in a shop like space and is customer facing (say like a real estate agency or a bank) and that would contribute to the functional amenity of the centre, or it may take the form of a consultancy or other business that provides no functional amenity or benefit specifically to shoppers at the centre. These differences are covered in the definition of office activity in the notified PDP whereby commercial offices are distinct from administrative or professional offices.
42. Often the latter type of office activity is not attracted to small local or neighbourhood centres. Administrative and professional office activity is more likely to be attracted to larger centres and mixed-use zones. I consider that it is appropriate that the majority of office growth is encouraged to locate in the City Centre Zone in the PDP, as it supports mixed-use buildings⁵ and the office employment contributes to centre vitality

⁵ Administrative and professional office activity is well suited above ground floor allowing retail and commercial offices and other personal services to be on the ground floor.

and vibrancy (and vice versa, the amenity of the City Centre Zone benefits the workers in office businesses). However, the LFRZ also provides for a large centre that has good accessibility and it therefore provides suitable⁶ capacity for office activity.

43. A small amount of office space was enabled in the ODP at the former Showgrounds site and on that basis, I consider that this should be retained. The provisions do not provide any direction on which type of office activity would be permitted, but on balance I do not consider that this is material. This is because limiting Office activity to no more than 680qm (and likely less given the relative benefits of providing some Personal Services activity within the centre) would have only a minor opportunity cost on the growth of the City Centre Zone and is an effect that the ODP currently enables.

Gymnasiums and Recreation Activity

44. As set out in Ms Hoogeveen's evidence, Gymnasiums and Recreation Activities were anticipated in the Operative Commercial 2A Zone under the definition of Places of Assembly. Gymnasium activity has already been consented in the centre. The Operative provisions enabled up to 6,000sqm GFA of Places of Assembly and it must be assumed that the social and economic benefits of providing for that level of activity, in that part of the Timaru urban area, were considered (at the time) to outweigh any potential costs on urban form, including potential adverse effects on the viability and vitality of the Timaru City Centre.
45. At 6,000sqm of GFA, the Operative provision for Places of Assembly accounted for 15% of total permitted development potential of the site (i.e. 6,000sqm as a share of 40,000sqm GFA (being the total of the 34,000sqm threshold plus 6,000sqm for places of assembly). This 15% represents a moderate share of the market value of the land (as measured by its development opportunity) – i.e., the price that Redwood Group paid for the land reflected an ability to provide up to 6,000sqm of Places of Assembly. I consider that taking this development opportunity away in the notified PDP raises concerns around fairness for the submitter, given that they only relatively recently acquired the site from a Council Controlled Organisation.
46. The submitter seeks to retain the 6,000sqm of development potential originally provided by the Places of Assembly provision, and limit this to Gymnasiums and Recreation Activities that are now defined separately in the PDP but were previously anticipated by the Operative provisions. While the s42A officer has recommended that

⁶ Under the NPS-UD, local authorities must provide business land capacity that is suitable (akin to commercially feasible for housing). This is typically determined through multi criteria analysis of the characteristics of different zones/locations relative to developer/business needs.

many of the Operative Plan provisions for the site be retained in the PDP, this existing development opportunity was not included in her reported recommendations. I discuss both of these activities below in terms of economic (and social) effects.

Gymnasiums

47. Gymnasiums are an increasingly popular activity in urban areas, with multiple national brands and independent operators now competing in the market. They support urban lifestyles and positive health outcomes. They play an important social role (as a place to meet and recreate) and as such, can contribute to the vitality and vibrancy on the locations where they operate. When conveniently accessed to either households, workers, or both, they also contribute to the functional amenity of urban areas. Throughout New Zealand, it is common to find gymnasiums in a wide range of business zones, including commercial centre zones, mixed-use zones and even industrial zones (where enabled by District Plans or approved via consent).
48. I consider that the benefits of gymnasiums are maximised when they are dispersed throughout urban areas to enhance accessibility to residential and employment areas. Data from the StatisticsNZ Business Demography Dataset (for the “Health and Fitness Centres and Gymnasia Operation” ANZSIC) showed that there were 14 such businesses operating in the district in 2023, with 83% of those in the Timaru urban area, and 42% of those (5) located in the Timaru Central SA2. The other 7 gymnasium businesses were located in the suburbs of Highfield North, Highfield South, Parkside and Washdyke. This distribution has occurred under the ODP planning framework.
49. While there are synergies from locating gymnasiums in the City Centre Zone (being an area of concentrated employment and relatively accessible for parts of the Timaru residential area)⁷, it would not be an efficient outcome to limit gymnasiums to that zone.
50. Despite Strategic Direction Objective 7(ii),⁸ the PDP provides for gymnasiums under the umbrella of commercial activity throughout the commercial centre network, meaning that it already supports a dispersed pattern of gymnasiums across the urban area of Timaru. I consider that the proposed LFRZ (Showgrounds site) is also an efficient location to provide for gymnasiums. The zone is (and will increasingly be as it develops) an area of concentrated employment and is relatively accessible to surrounding residential suburbs. It will therefore improve the functional amenity of the

⁷ I.e., the City Centre Zone will be the closest commercial centre zone for some residential suburbs. As well as its district and sub-regional role, the City Centre Zone will also have a convenience role for its immediate catchment.

⁸ SD-07: The District’s city and town centres (ii) are the primary focus for retail, office and other commercial activity.

LFRZ for workers and visitors and will increase the overall accessibility of gymnasiums within the Timaru urban area (i.e. minimise travel distance).

51. Gymnasiums are not an activity typically included in distributional effects assessments. As the population grows, so too will the demand for gymnasiums. I consider that there are no potential adverse economic effects from continuing to enable gymnasiums to develop in the LFRZ as per the ODP provisions for Places of Assembly.

Recreation activities

52. Recreation activities, as defined in the PDP, span a wide range of physical sites. Some are suited to urban areas and some are suited to rural areas. They can be small or large scale. Commercial and mixed-use zones are a common location for urban Recreation Activities. Redwood is seeking Recreation Activities be retained as a permitted activity in the LFRZ as part of what was previously a 6,000sqm GFA provision for Places of Assembly.
53. Objective CCZ-01 – CCZ of the notified PDP describes the Timaru City Centre as the primary destination for entertainment. Entertainment is not defined as an activity in the notified PDP, but I consider it likely that some types of Recreation Activities may also be classified as providing entertainment.⁹ I consider that there are a number of economic (and social) benefits that come from concentrating entertainment activities primarily in a CBD, and particularly those that operate in the evenings as those activities can contribute strongly to evening vibrancy and vitality, with flow-on benefits for the food and beverage sector.
54. For this reason, I support the ability to retain Recreation Activities in the LFRZ with an activity standard that would limit the hours of operation of Recreation Activities to encourage Recreation Activities that provide for nighttime entertainment to locate in the City Centre Zone. I consider that Recreation Activities that operate during the day would be appropriate in the LFRZ given its role as an accessible commercial centre that is already intended to attract large volumes of visitors/shoppers.
55. The LFRZ is also likely to be able to absorb/manage some of the externality effects of some Recreation Activities better than some other locations. This includes those activities which generate high demands on car-parking or have a functional requirement for large scale (but not necessarily multi-storey) buildings that do not lend themselves well to active street frontages. Examples of Recreation Activities that may

⁹ Cinemas and theatres are not Recreation Activities and are defined under Places of Assembly in the notified PDP. These would be considered entertainment activities in my view.

be attracted to the LFRZ may include (but not be limited to) indoor climbing walls, trampoline facilities, indoor go-karting, and indoor playgrounds like Chipmunks). Providing for Recreation Activities in the LFRZ increases Timaru's ability to compete against other large urban centres for new businesses not currently established in the district, and in doing so, strengthen Timaru's role as the primary urban area of the wider South Canterbury sub-region.

56. Again, Recreational Activities are not typically considered to contribute to distributional effects. Commercial Recreation Activities do however add to the vibrancy and vitality of centres, and there is potential for the LFRZ to attract commercial Recreation Activities that may also be suitable (i.e., commercially feasible and functionally and operationally suitable) in the City Centre Zone. I consider that this risk is low and that it is the large scale Commercial Activities (particularly if limited to day-time operation) that may be more likely to seek a LFRZ location, thereby complementing the City Centre Zone rather competing directly with it.
57. Overall, providing up to 6,000sqm GFA of Recreational Activities (and likely less than this given already consented gymnasium GFA) is expected to create only a minor opportunity cost on City Centre Zone amenity, but provide opportunity benefits when considering the Timaru urban economy as a whole.

Visitor Accommodation

58. The Redwood Group are seeking a consenting pathway to provide for one Visitor Accommodation activity (and likely a hotel) within the LFRZ. To understand the potential economic costs and benefits of this proposal, it is relevant to examine the visitor accommodation industry in Timaru and the wider district as well the relative economic effects of the proposal compared with other locations where the PDP provides for Visitors Accommodation.

Analysis of the Accommodation Industry

59. I have extracted Accommodation¹⁰ business counts and total employment¹¹ from the StatisticsNZ Business Demography dataset at the SA2 level for the district. A limitation of the data is that it does not provide any further detail on what sort of accommodation business is registered. As such, it groups hotels, motels, lodges, backpackers and campgrounds/holiday parks. It may even capture dedicated residential visitor

¹⁰ As defined at the 6digit ANZSIC level.

¹¹ This is comprised of employees and working proprietors/owner operators. The latter is quite prevalent in some types of accommodation.

accommodation being run as a business.¹² I have extracted three annual snapshots,¹³ being 2016 (which is the year that the Town Centres Study by the Council was released), 2020 (which is a pre-Covid year), and 2023 (being the most recent year in the dataset). The results are summarised in Table 3.

Table 3 – Accommodation Business and Total Employment Activity 2016-2023 by SA2 in Timaru District (StatisticsNZ)

Location	2016	2020	2023	Change 2016-2023	Change 2020-2023
Business Count (n)					
Timaru Central SA2*	5	8	14	9	7
Rest of Timaru Urban Area	28	44	27	1	18
<i>Total Timaru Urban Area</i>	33	52	41	8	11
Rest of District	35	35	34	1	0
Total Timaru District	68	87	75	7	12
Business Count - Share of Total District (%)					
Timaru Central SA2*	8%	9%	19%		
Rest of Timaru Urban Area	41%	51%	35%		
<i>Total Timaru Urban Area</i>	48%	60%	55%		
Rest of District	52%	40%	45%		
Total Timaru District	100%	100%	100%		
Total Employment Count (n)**					
Timaru Central SA2*	4	31	33	29	2
Rest of Timaru Urban Area	201	219	196	5	23
<i>Total Timaru Urban Area</i>	204	250	229	25	21
Rest of District	58	54	54	5	0
Total Timaru District	262	303	282	20	21
Total Employment Count - Share of Total District (%)					
Timaru Central SA2*	1%	10%	12%		
Rest of Timaru Urban Area	77%	72%	69%		
<i>Total Timaru Urban Area</i>	78%	82%	81%		
Rest of District	22%	18%	19%		
Total Timaru District	100%	100%	100%		

Source: StatisticsNZ Business Demography

* Includes most of CCZ but not all, and most of MUZ but also includes some MDRZ.

** Includes employees and estimated working proprietors/sole traders.

60. Table 3 shows that in the Timaru Central SA2,¹⁴ accommodation businesses have increased (in net terms) by 9 since 2016 to reach a total count of 14, although much of this growth (7 businesses) has occurred since 2020. By contrast, there are 27

¹² The Business Demography dataset includes GST registered businesses and only businesses that meet or exceed a turnover threshold. As such it will exclude very small businesses, including potentially businesses with irregular income.

¹³ Each year is the 12 months ending February.

¹⁴ This SA2 covers most of the CCZ and MUZ, but not all of these zones, and also includes some MDRZ areas.

accommodation businesses in the rest of the Timaru urban area (a similar amount as there was in 2016, but 18 less than there were pre-Covid19 in 2020).

61. The Timaru Central SA2 accounts for 19% of all accommodation businesses in the district in 2023, which is an improvement on 2016 when it had just 8%. Compared to just the Timaru urban area, the Timaru Central SA2 has 35% of the total business count in Accommodation industry, up from 16% in 2016.
62. Perhaps more telling than the business counts is the employment data for the Accommodation industry. The Timaru Central SA2 has just 33 Accommodation industry workers in 2023. This is an improvement on just 4 workers in 2016 but equates to only 12% of all Accommodation industry workers in the district (2023) and just 14% of all Accommodation workers in the Timaru urban area. This means that the larger accommodation providers are not in the Timaru Central SA2 and are located elsewhere in Timaru.
63. Accommodation businesses are located in every SA2 of the Timaru urban area except Marchwiell East and Highfield South in 2023. The largest counts are in the Waimataitai-Maori Hill SA2 (6 businesses and 39 workers), followed by Parkside SA2 (4 businesses and 35 workers) and Timaru East (3 businesses and 35 workers). Based on average workers/business across the SA2s, the larger accommodation providers are in Fraser Park, Timaru East, Highfield North and Marchwiell West.

Merits of Providing for one Hotel as an RDA

64. It is noteworthy that the Town Centres Study (2016) stated that hotels in the Timaru Town Centre had closed down but identified that attracting visitor accommodation to use above-ground floorspace would be advantageous for the Town Centre going forward. That report estimated that small scale buildings could be converted at relatively low cost and risk to provide for accommodation. The report did not offer any comment on how medium and larger accommodation providers could be provided for, but presumably this would require redevelopment.
65. It is clear from the latest StatisticsNZ data that the City Centre has not yet reached a point where larger accommodation businesses are re-establishing (in the CCZ or MUZ), and the industry has been meeting demand in less central locations (and at a range of scales). The PDP is likely to improve the feasibility of redevelopment in the City Centre (relative to the ODP), which alongside continued investment in the visual amenity of the City Centre, may see larger commercial accommodation providers attracted to that zone in the future (including the adjoining MUZ). In the meantime, the

PDP also provides for small scale Visitor Accommodation in the General Residential Zone and MDRZ as a permitted activity, and larger scale Visitor Accommodation as a Discretionary Activity in those residential zones.

66. I consider that there are strong positive economic effects for having visitor accommodation in the City Centre Zone (including flow-on benefits for retail, food and beverage, entertainment activities). However, I consider that there is a risk that larger scale Visitor Accommodation like hotels may bypass Timaru for new investment if the City Centre does not provide an attractive enough option in the short to medium-term and a discretionary consent in a residential zone cannot be obtained.
67. Providing an opportunity for the LFRZ to support capacity for one new hotel has several economic benefits and minimal costs.
 - a. Providing for a hotel in the LFRZ (former Showgrounds Precinct) may be a better outcome than a hotel in a residential zone (where externalities are harder to manage).
 - b. I would anticipate that guests staying in visitor accommodation in the LFRZ would still spend time (and money) in the City Centre, particularly as LFR shopping is usually something done when at home, rather than on holiday. The relative attraction of the City Centre's specialist (comparison) retail and entertainment role means that any opportunity costs on spending and foot traffic (vitality), compared with having those guests staying in or near the City Centre Zone, would likely be minor (albeit that it may generate more vehicle travel going to and from the City Centre which is a minor economic cost). However, depending on location, there may be no material difference in the potential distributional effects/economic costs on the City Centre Zone of establishing a hotel in the LFRZ compared to establishing one in a residential zone.
 - c. The proposal would also be better than potentially missing out on a new hotel in Timaru in the short-medium term. It would provide additional jobs and investor confidence in the Timaru market while helping to meet growth in demand.
 - d. The indirect effect of attracting a new hotel would also help lift the overall quality and depth of offer for visitor accommodation in the Timaru urban area. It also supports the competitive operation of the business land market.

68. I note that the Property Economics 2021 Business Assessment report provided a section on analysis of the Accommodation sector in the district as a whole. They stated the following “The lack of modern commercial hotels in the RTO signals a potential gap in the market in terms of visitor accommodation, particularly in the Timaru City Centre. If filled, in conjunction with an improved tourism offering, this gap could allow Timaru to capture a greater proportion of the South Island tourism market” (page 61).
69. Overall, I consider that providing for one visitor accommodation activity (and likely a new hotel) in the LFRZ (Former Showgrounds Precinct) as Restricted Discretionary activity creates more economic benefits than it does economic costs. Allowing for one accommodation provider to establish in the zone will not undermine the role, function or amenity of the City Centre Zone, especially given that already dispersed patterns of visitor accommodation in Timaru. Improving the ability to attract a new hotel operator to Timaru will enhance Timaru’s role as the primary urban area in the sub-region.

Healthcare and Childcare Services

70. Redwood is seeking a consenting pathway to provide for Healthcare Services and Childcare Services in the LFRZ. Both activities, which help meet the need of the residential community, are proposed as having a Restricted Discretionary Activity status. I discuss both of these activities below in terms of economic (and social) effects.

Childcare Services

71. It is important that childcare services are accessible to residential areas and places of employment. Families tend to seek out childcare services that are close to their place of residence, or close to their place of employment (or at least handy to that commute). As such, it is efficient (from an urban form perspective) for these to be provided throughout urban areas so long as their effects can be appropriately managed. The PDP provides for different forms and scales of childcare services in the various residential and commercial/mixed use zones, and I consider this to provide an efficient distribution of this important service activity.
72. My interpretation of the PDP policies and methods is that there is no particular priority given the City Centre Zone with respect to development of childcare services in the district. Further, childcare services are not an activity that typically triggers distributional effect concerns. Therefore, I consider that providing a consenting pathway for childcare services in the LFRZ creates no risk of undermining the purpose, function or amenity values of the City Centre Zone. There are no material economic

costs of this proposed activity that I can identify (and that can't be avoided or mitigated by consent conditions).

73. There are, however, economic benefits of providing for childcare services in the LFRZ, just as there are in other commercial and business areas. The LFRZ is conveniently located relative to demand arising from the northern suburbs of Timaru, including the greenfield residential growth areas to the north. At the same time, the Neighbourhood Centre Zones in northern Timaru are only small, with no obvious vacant capacity. The LFRZ could therefore provide development capacity for childcare services to help meet projected demand from existing and future households in this part of the urban area.
74. The LFRZ is also a node of employment and is central to a wider node of employment when considering the surrounding industrial zoning. Including a childcare centre in the LFRZ would therefore add to the functional amenity of the locality as a place of work.
75. Overall, I support the location of childcare services within commercial centres. The LFRZ is an efficient location for services that support the local community and does not adversely affect the wider centre network, including the amenity of the CCZ.

Healthcare Facilities

76. Healthcare facilities are also excluded from activities that typically generate distributional effects on centres. As with Gymnasiums and Childcare Services discussed above, many healthcare facilities operate at a community level. Medical centres / GPs often have a limit to the number of patients they can register (commensurate with staffing levels) and for this reason, in larger urban areas such as Timaru that support a centre network, medical centres will occur throughout that centre network in order to provide sufficient capacity and convenient access to residential catchments.
77. Providing a consenting pathway for Healthcare Facilities (i.e. a medical centre) in the LFRZ provides additional capacity to support new health services in northern Timaru, where further household growth is anticipated in greenfield areas, and in a location that is highly accessible. Like other commercial centre zones, the LFRZ would provide the ability for multipurpose trips that combined Healthcare Facility visits with other retail shopping, supporting efficient travel patterns.
78. I do not consider that providing for Healthcare Facilities in the LFRZ will lead to any material adverse economic effects on the City Centre Zone or the wider city centre network. It is an efficient location to meet resident demand in northern Timaru.

Residential Activity

79. Timaru District is a Tier 3 local authority under the NPS-UD. Tier 3 councils are 'encouraged' to apply Parts 2 (objectives and policies) and 3 (implementation) of the NPS-UD. As such, many of the objectives and policies of the NPS-UD apply to the district. This includes (but is not limited to) providing for well-functioning urban environments (Objective 1, Policy 1), at all times providing at least sufficient capacity to meet expected demand for housing (and business) over the short, medium and long-term (Policy 2), supporting competitive land and development markets (Objective 2), and enabling more people to live in areas that are in or near centres or other areas with employment opportunities (Objective 3(a)). The provisions of the NPS-UD are relevant context to the submitter's proposal to provide for some Residential Activity on the periphery of the LFR centre on the former Showgrounds site as a Restricted Discretionary Activity.

Timaru District Residential Capacity Economic Assessment Report 2022

80. The 2022 Residential Capacity assessment by Property Economics for Council provides an assessment of dwelling development capacity and demand broadly (although not exactly) consistent with the requirements of the NPS-UD. It estimated that the draft District Plan (DDP) provided Feasible dwelling capacity of 7,760 dwellings across the Timaru District.¹⁵ By accounting for this increased risk in the required realisable profit margins, the Realisable capacity estimate for Timaru District was estimated by Property Economics to be 5,035 under the DDP.
81. In terms of demand, the report states that Timaru is anticipated to see an increase of 1,603 households under the Medium projection scenario or 4,330 households under the High projection scenario. I note that this was a 27 year outlook (to 2048) and not the full 30 year outlook defined in the NPS-UD for the 'long-term'. Utilising the High Projection estimate of 4,330 households "and applying a 15% competitiveness margin (equivalent to the NPS-UD buffer) over the long term, TDC would need to provide capacity for just under 5,000 dwelling over the next 27 years".¹⁶
82. The Property Economics report therefore found that DDP Realisable capacity slightly exceeds expected demand to 2048 (inclusive of the margin) and was therefore 'sufficient' to meet expected demand. A limitation of the report is that it does not provide

¹⁵ Based on a 'most profitable' development outcome on each parcel.

¹⁶ I note, that Property Economics appear to have applied the 15% competitiveness margin to the total 27 year period which is not correct. The NPS-UD requires a 20% margin to be applied for the first 10 years (the medium-term) and the 15% margin thereafter (for the long term or 10-30- years). This means that correct application of the NPS-UD would request in higher demand to reported.

housing sufficiency specifically for the Timaru urban area, rather sufficiency is only measured at the district level. I am not aware of any other Council reports that specifically address housing sufficiency in the Timaru urban area.

83. That said, the NPD-UD requires that 'at least' sufficient development capacity is provided. Even if the Timaru urban area has sufficient housing capacity (which I am uncertain of), there is no minimum level of sufficiency that should be achieved, so long as growth is integrated with infrastructure planning and contributes to a well-functioning urban environment.

Economic costs and benefits of providing for some Residential Activity in the LFRZ

84. In response to the s42A report, the latest relief sought by Redwood Group identifies two sub-precincts of land within the LFRZ that are unsuitable for development of activities generally anticipated on the site (as proposed) – particularly LFR/trade supply activities. These sub-precincts are identified in Ms Hoogeveen's evidence. However, Figure 1 below shows one of the proposed sub-precincts (Bridge Street) relative to the stage 1 development of the centre.

Figure 1 – Illustration of Bridge Street Residential Sub-Precinct Relative to Stage 1 Development in the LFRZ (former Showgrounds Precinct)



85. My understanding is that the land in the Bridge Street sub-precinct is too narrow to be meaningfully used for retail development and has an elevation above (and to the back of) the main centre which makes it difficult to integrate with other shops on the site (as

required from a shopper experience perspective). It is also opposite residential zoning on the other side of Bridge Street.

86. The other sub-precinct sits in a corner of the site that fronts a pedestrian linkage and riparian landscape area but is otherwise challenging to include in the main shopping area (from a design and layout perspective). As such, both sub-precincts would be underutilised and providing for Residential Activities on these sites would be a more efficient use of the zoned land. Redwood has indicated that the dwellings enabled on the sub-precincts are also likely to be attached housing which I consider an appropriate density of housing on the edge of large commercial centres.
87. It is relevant that the proposed sub-precincts are within the existing urban area of Timaru. While the land is vacant (and therefore technically greenfield), housing development on this land would represent infill (intensification) of the existing urban area and not urban expansion in the rural fringe.
88. The Property Economics report states that “Increased residential intensification has several economic benefits, including improved spending retention of commercial centres, improved land use and infrastructure efficiency and improved transportation networks. The provision of additional unnecessary greenfield capacity has the potential to further dilute urban redevelopment opportunities and increase the dispersal of residential activities to the economic detriment of the Timaru community” (page 7). “In comparison, having a greater certainty around the volume of medium density dwellings (and therefore people) within close proximity to centres represents a significantly better economic outcome for Council, developers, the community and the centres themselves” (page 35).
89. I agree with the above statements by Property Economics. I do not consider that there are any economic costs from utilising the identified sub-precincts for residential development (particularly where any adverse effects can be assessed through the proposed matters of discretion). There are however economic benefits, including providing more choice in the location of housing capacity, providing more attached housing capacity, enabling more people to live next to a centre and employment and a more efficient use of the land resource in the existing urban area. I consider that the proposed relief is consistent with the objective and policies of the NPS-UD with respect to housing and it will make positive contribution to Timaru's urban form and future housing growth.

CONCLUSION

90. The LFRZ is an area of significant investment in the Timaru District economy, that has an important role to play in meeting the retail needs of district and sub-regional residents. It has an objectives and policy framework that provides clear guidance on how economic effects are to be managed as it develops. Unlike other centres, the ODP has set prescriptive limits on the scale and mix of floorspace that can be developed on the former Showgrounds site. While potentially constraining, the land was purchased on the basis that there was sufficient scope (including potential for a minor increase in GFA) to viably deliver a centre that complemented the district's centre network.
91. When considering the development that has already occurred on the site and the planned development (based on the ODP provisions) that has already been consented, the notified provisions for the LFRZ will not be effective in achieving the economic outcomes sought for the City Centre Zone (as advised to Council in the Threshold Overview back in 2020). Nor will they be efficient as they create a number of economic costs for the development of the land, not least threatening the commercial viability of future development of the site and reducing the functional amenity of the LFRZ centre. Both outcomes will have a detrimental effect on economic wellbeing.
92. While in general I support the primacy of the Timaru City Centre for retail and commercial activity growth, concentrating all retail and commercial growth into the CCZ (and surrounding MUZ) in the medium-term will not deliver an efficient urban form or a well-functioning urban environment. Many commercial activities will not generate distributional effects on the CCZ if developed elsewhere and will better meet community needs when they are spread throughout the urban area and not centralised.
93. The district has an established centres network that includes a LFR centre on the former Showgrounds site. I consider that it is far better to ensure that planning provisions support commercial feasibility and functional amenity of all centres in the network so that they can thrive and effectively fulfil their respective roles, rather than unduly constrain the development of one existing centre to help support another centre that has below optimal performance. The PDP already includes a range of provisions that will be beneficial for CCZ performance going forward (relative to the status quo). These include:¹⁷

¹⁷ S32A report – Commercial and Mixed Use Zones, page 2.

- a. Provisions which limit the ability of commercial activities to establish out of the centre network generally;
 - b. Providing for a more diverse mix of activities in the CCZ;
 - c. A shift from poorly targeted development controls to a focus on agreed outcomes that improve certainty, reinvestment and reduce processing costs;
 - d. Focussing heritage protection to specific high-value Heritage Character Areas and removing consenting requirements for demolitions and new buildings outside these areas;
 - e. Increasing building height limits which increase the feasibility of redevelopment;
 - f. Providing for residential activities in the MUZ (helping this area transition and creating more localised demand for CCZ businesses); and
 - g. Enabling more residential development in mixed-use buildings.
94. The cumulative effect of these proposed provisions will strengthen the ability of the CCZ to attract growth and investment over time. These changes are unlikely to have been factored into the Showgrounds Threshold Overview that was so heavily relied on by the S32A reporting officer.
95. I support the roll-over of the ODP provisions (activities and thresholds) for the site, including provision for Gymnasiums and Recreation activities that were otherwise enabled under the Places of Assembly GFA and the Discretionary consent pathway for minor future expansion of the centre. I also support the addition of Childcare activities, Healthcare activities, one Visitor Accommodation activity and Residential activity in defined sub-precincts to help improve the functional amenity of the centre for the wider community (and especially northern Timaru workers and residents) and improve the efficient use of the zoned land. These additional activities provide a number of economic benefits and no material economic costs, including on the CCZ.

5 July 2024

Natalie Hampson