

**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 PAUL HUDSON



INTRODUCTION

Qualifications and experience

1. My full name is Paul David Hudson. I am a development manager for the Redwood Group and I am authorised to give this evidence on the Group's behalf.
2. I have a Diploma in Valuation from the University of Auckland, was a Registered Valuer for 37 years and an Associate of the Australian Property Institute.
3. I have held Development Management positions with large corporate entities including AMP Capital (Australia and New Zealand), Westfield New Zealand, Kiwi Income Property Trust and The Warehouse Group, being responsible for all aspects of the development process from masterplanning and consenting through to delivery and project completion.
4. During the previous 15 years, significant projects which I have worked on include:
 - a. Sylvia Park in Auckland - a 62,000m² retail development which was completed 2007;
 - b. Silverdale Shopping Centre – a 23,000m² bulk retail development which sold for \$78m on completion in 2014;
 - c. an \$80m extension and upgrade of the Botany Town Centre in Auckland which was completed in December 2019; and
 - d. projects in the South Island, including a redevelopment of the Northlands Shopping Centre in Christchurch and masterplanning for the 27 Hectare Tekapo motorcamp.
5. During the previous 4 years, I have managed the Greenfields development of The Showgrounds in Timaru as part of my role as a development manager for the Redwood Group.. This is a staged development with Stage 1 incorporating a large format retail development incorporating Bunnings, Woolworths, Chemist Warehouse and several other retail outlets.
6. My role on The Showgrounds project was to manage and lead the development from inception through to completion of Stage 1. Activities undertaken include:
 - a. Masterplanning;

- b. tenant negotiations;
- c. resource consenting;
- d. consultant appointments;
- e. contractor appointments; and
- f. tenant fitouts and titling.

Purpose and scope of evidence

7. My evidence will cover the following key points:
 - a. Background to the acquisition of the site;
 - b. Stage 1 Development; and
 - c. Future Stages.

Expert witness code of conduct

8. I have been provided with a copy of the Code of Conduct for Expert Witnesses contained in the Environment Court's 2023 Practice Note.
9. While I am not independent, as I am employed by the Redwood Group, and 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. That said, this evidence is largely focused on background and other factual matters.

BACKGROUND

10. The site was rezoned in 2010 under Plan Change 3 (PC3) to the Timaru District Plan from Recreation 2 Zone to Commercial 2A Zone. The Commercial 2A Zone provides for a large format store development which is designed to expand Timaru's retail centre, reinforcing the role of Timaru as a sub-regional shopping destination.
11. Two resource consents had been previously granted by Timaru District Council for the redevelopment of the site for bulk retail development.
 - a. Land use consent 102.2014.1 was approved in April 2014 for the establishment of a 3,800m² supermarket, 208 car parking spaces, service yard, signage and

landscaping. In July 2019, an extension to the lapse date was approved for further five years.

- b. Land use consent 102.2014.2 sought the establishment of the services associated with the supermarket (ref: 102.2014.1). This included the construction of the new spine road through the site, pedestrian and public transport facilities, landscaping and stormwater management. This consent lapsed in 2019.

12. Redwood QT Limited (subsequently nominated to Timaru Mega Centre Limited Partnership - TMCLP) entered into a conditional Sale and Purchase Agreement with Timaru District Holdings Limited – TDHL (a subsidiary of Timaru District Council) dated 11 October 2019.
13. The Sale and Purchase Agreement was conditional upon a number of items including the Purchaser obtaining the resource consents necessary to undertake the development of the proposed 34,000 m² large format retail centre.
14. Shortly after receipt of the resource consents 101.2020.91.1 (subdivision) and 102.2020.91.1 (land use) on the 11 December 2020, the Sale and Purchase Agreement was declared unconditional on 3 February 2021.
15. **The commercial viability for the purchase of the site was hinged upon the Commercial 2A Zone and subsequent Resource Consent implemented by Timaru District Council.** This is why we are concerned that the PDP proposes to limit what had previously been anticipated by the Commercial 2A Zone and enabled by our current Resource Consent.
16. I understand that we will still be entitled to exercise our current Resource Consent to its full extent unless it lapses (currently on 11 December 2025). That said, substantial progress or effort has been, and continues to be, made towards giving effect to the consent, and so I understand that we would likely be able to extend that lapse date.
17. Retail generally, including larger format centres, is a difficult business to make work. While the direct impacts of events like Covid-19 are – hopefully – well behind us, the pandemic and lockdowns, as well as just changing preferences and ease of internet shopping and the like, mean that what worked 5-15 years ago for large format centre will not necessarily work now.
18. That is the reason why we are seeking, to not just preserve what was previously approved or anticipated (through the consent, or the Commercial 2A Zone), but to also

provide additional flexibility to enable a consent pathway for some complementary activities that will not compromise the town centre and its functions.

19. We have taken expert advice as to what is reasonable to ask for, and can be supported by our experts. I will leave the experts to speak to the detail, but as I explain below, if the relief package we are currently seeking is denied or significantly compromised, that will impact on the long term vibrancy and viability of The Showgrounds, to the detriment of the community.

Stage 1 Development

20. Earthworks for Stage 1 development commenced in February 2021. They were unfortunately impacted by the 1 in 100 year flood on 31 May 2021. The impact of this event was a delay in the commencement of the vertical build by approximately 6 months.
21. The vertical build for Stage 1 was completed in May 2023. The tenancies trading include Woolworths Supermarket, Bunnings, Chemist Warehouse, St Pierres Sushi, Black and White Coffee Cartel, Look Sharp, and Bed Bath & Beyond. Two Food and Beverage tenancies remain to be leased. Public toilets and a Parents Room have also been completed within Stage 1.
22. The GFA for these tenancies totals 15,276m² Excludes Bunnings Trade Area
23. The development costs to date are in excess of \$70m. This is a significant investment in the Timaru economy and is a powerful driver of economic growth and development in the community with positive outcomes for employment opportunities, construction jobs and infrastructure. Additional culverts were installed under the railway to reduce flooding in the surrounds of the site, to the benefit of the wider environment, not just the site. It is important that this investment is supported by Timaru District Council through its District Plan.
24. Stage 1 development has been concluded within the approved Resource Consent.

Future Development

25. The development is to be staged and is intended to be rolled out generally in accordance with the GFA staging provisions within the ODP.
26. A key objective of the sale of the site from TDHL (effectively the Council's commercial arm) and TMCLP as purchaser was to introduce new bulk retailers to Timaru that

cannot be accommodated within the CBD. Stage 1 has already introduced the following to Timaru:

- a. Bunnings;
- b. Chemist Warehouse;
- c. Look Sharp;
- d. St Pierres Sushi; and
- e. Black and White Coffee Cartel to Timaru.

27. Stage 2 will continue with this strategy with further new bulk retailers committing to The Showgrounds site. Subject to funding and other key financial metrics, we envisage Stage 2 development commencing late 2024/ early 2025. There may be some minor departures from what has been consented for Stage 2, but this is not anticipated to be significant, or beyond what can readily be confirmed by way of a s127 Variation.
28. A further Stage 3 is also envisaged, which will be dictated by the market demand and commercial if not consenting parameters outlined in the evidence to be given by our consultants. Stage 3 is where we see the need to be able to seek resource consent for some different activities to those which were part of the existing consent, in order to make the centre work better into the longer term. For example, we envisage demand for residential and visitor accommodation uses on this site in the future.

CONCLUSION

29. The changes proposed under the PDP, unless amended as we seek, would result in:
 - a. the development being compromised from what the Council, at least in its commercial capacity, sold us;
 - b. accordingly, the purchase price paid being excessive, as the return on investment being much less / a significant loss of value in the site ;
 - c. us being in an unfair position, contrary to the good faith agreement reached with the Council (in its commercial capacity).
30. I understand that the Council wearing its planning authority that might say that these matters are nothing to do with this process, but we think there is a real fairness element that we think needs to be considered in this process.

31. There are also the impacts on the long term vibrancy, if not viability of the site (or at least the later stages). Financial forecasts and investments are made on the basis of the overall development potential of the site, so to constrain that development after investment risks stalling, if not preventing, future development and investment to build the site out to capacity.

Paul Hudson

5 July 2024

Paul David Hudson.