

Timothy Heath for QLDC – Summary of Evidence, 25 November 2016

Business Chapters – Hearing Stream 08

1. I have been asked to provide evidence on discrete issues relating to the Local Shopping Centre Zone (**LSCZ**) in Chapter 15 of the Proposed District Plan, and the recommended Airport Zone as it applies to Wanaka Airport.
2. I have also been asked to provide comments on submitter evidence, that raises retail issues relevant to my area of expertise.

Local Shopping Centre Zone

3. The purpose of the LSCZ is to enable small scale commercial and business activities (convenience goods and services) that are accessible to residential areas and people in transit. The zone policies do not provide for the centres to be developed in a manner that is inconsistent with what they currently represent, nor does the Zone purpose encourage or enable larger commercial activities.
4. I understand the zone seeks to enable people to purchase convenience goods and services without the requirement to travel greater distances to larger (town) centres.
5. Convenience goods and services are typically those goods and services that are frequently required / purchased by the market. They typically involve 'quick stop' or short stay visits and generally involve 'top up' purchases or 'purchases on the run' when tapping into the drive by market.
6. In my view the purpose, objectives and policies for the LSCZ are appropriately pitched to facilitate the development of appropriate activity and tenancy types. However, to ensure that development meets the zone's envisioned outcomes I recommend the following amendments:
 - (a) a maximum individual tenancy size of 300m² gross floor area (**GFA**);
 - (b) restrict the store types that can establish within the LSCZ through the exclusion of some non-convenience store types due to their reliance on drawing custom from beyond the local area of any LSCZ; and
 - (c) regarding the LCSZ at 1 Hansen Road, the extent of the LSCZ is reduced and a maximum size for individual office tenancies is implemented at 200m² GFA.

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7. In relation to the submission (249) from Willowridge Development, I agree with setting a maximum tenancy GFA, however I would support a slightly lower maximum cap of 300m² (vs 400m²). In my experience convenience store types in smaller centres are around 170m² GFA, and higher order centres have an average store size of 275m² – 300m² GFA (this includes department stores and supermarkets). Stores larger than 400m² will attract shoppers from well beyond their local residential areas. As such I consider 300m² a more appropriate cap for meeting the 'small scale' purpose of the zone, whilst at the same time providing an appropriate level of flexibility for the market.
 8. In my view, restricting certain store types which are more suitable and aligned to larger town centres is also warranted. The majority of retail stores nominally in a market are below 300m² GFA (this includes higher order, non-convenience stores). As such I support the exclusion of some non-convenience store types from the LSCZ as they would rely on attracting consumers from well beyond any local market to generate sales. This would also conflict with the LSCZ purpose, objectives and policies.
 9. In relation to 1 Hansen Road, notified Rule 15.5.4 outlines some additional standards for this centre. As notified a potential LSCZ of 7,000m² of commercial activity at this location is enabled, which in my view goes well beyond a local convenience centre. This is compounded by the ability to establish some Large Format Retail tenancies (i.e. 500+m² GFA) and the provision of 3,000m² GFA of office space with no tenancy cap to prevent large office tenancies establishing within the site.
 10. The notified provisions for 1 Hansen Road need to be revised to ensure large format retail activity and the ability for large scale office tenancies to establish is removed in order for the site to more appropriately meet the objectives of the PDP. I also recommend that the LSCZ at 1 Hansen Road should be reduced in size to a land area similar to other centres in the LSCZ zone, and the balance of the land enabled for residential and visitor accommodation that does not have the ground floor commercial. I consider that an office tenancy cap of around 200m² per tenancy would ensure that any offices establishing within the LSCZ are small scale and focused on the local residential area, as contemplated by the purpose, objectives and policies of the LSCZ.
 11. I note that I have read the evidence of Mr Greaves, as it relates to the LSCZ. I have concerns that the LSCZ at Cardrona Valley (like at 1 Hansen Road) is too large, assuming all the area is developable and given its location close to the

Wanaka Town Centre. I understand there is a rezoning submission seeking that the LSCZ is reduced in size, and that matter is therefore best considered in the rezoning hearings.

12. I have also read the evidence of Mr John Polkinghorne, who supports larger tenancy caps on behalf of his client the Gordon Family Trust. He considers 400m² GFA is a more appropriate maximum tenancy size in the LSCZ and considers this is more consistent with the PDP.¹ I disagree. 'Scale' is an important focus of the zone as is the convenience natures of the retail and commercial service offer anticipated within the LSCZ. The 400m² maximum GFA threshold is well above the average convenience store size and is likely to require a significant proportion of a store's sales to be derived from customers who reside beyond the local area to remain viable.
13. Mr Polkinghorne also considers fashion should be able to go into LSCZ to satisfy tourist demand. That rationale is in my view flawed as local residents are just as likely (if not more likely) to shop at a local fashion store as well. Using tourists as validation for his opinion masks the real potential effects once considered across the entire LSCZ and duplicates one of the core functions of the Town Centres in the Business network; Wanaka, Queenstown and Arrowtown. The suggested inclusion of fashion also needs to be considered with Mr Polkinghorne's 400m² maximum GFA threshold, which means large fashion would be able to establish in the LSCZ. This would require such stores having to attract custom from extensive areas to remain viable, creating a strong tension with the intent of the LSCZ.
14. Mr Polkinghorne promotes mobile phone stores and homeware store types as appropriate for the LSCZ.² These store types do not sell convenience / frequently required goods, or day-to-day requirements, and as such I do not consider these types of stores as convenience retailers nor appropriate for the LSCZ. They are store types that are important to the function and amenity of larger town centres.
15. In relation to the Cardrona Valley Road LSCZ, Mr Polkinghorne promotes a 1,500m² supermarket³ and another large store of up to 750m² GFA as appropriate.⁴ No detailed analysis is provided to justify his position. I disagree these stores sizes are appropriate given their scale and the close proximity of the Cardrona Valley Road LSCZ site to the Wanaka and Three Parks centres, who

1 Evidence of Mr John Polkinghorne at paragraph 164.
2 At paragraph 181.
3 At paragraph 187.
4 At paragraph 188.

also have a convenience role in the market and service the same market as the Cardrona Valley LSCZ. This proposition by Mr Polkinghorne would represent duplication of resources within the same market, and in my view undermine the Wanaka and Three Parks centre function.

16. Mr Polkinghorne promotes a 400m² GFA office provision in the LSCZ (for context, a business of this size could accommodate up to 20 employees). He then goes further for the Cardrona Valley Road LSCZ by stating no office cap at all is required.⁵ He provides no relevant evidence to support his view, and no economic evidence on the implications of such a policy setting. In my view office activity of this scale goes well beyond the intent and purpose of the LSCZ, and potentially could end up with an outcome that looks nothing like a local convenience centre.
17. Overall, Mr Polkinghorne appears to be promoting a range of activities in the LSCZ that better represents a wider centre zone than a reworked LSCZ, particularly at the Cardona Valley Road LSCZ. He has also failed in my view to consider the appropriate policy context and has not considered the wider economic implications of his proposed policy settings when assessed against the entire LSCZ across the district, and the strategic approach to Business as outlined in the Strategic Directions objectives and policies.

Wanaka Airport Zone

18. The proposed rezoning of Wanaka Airport from Rural to a zoning similar to the notified Queenstown Airport Mixed Use Zone is also being considered.
19. There are important locational differences between the Wanaka and Queenstown airports that require consideration. Wanaka Airport is located in a more isolated rural environment some distance from the urban area of Wanaka. This results in the source of commercial demand at Wanaka Airport being more distant than that of the Queenstown Airport. As such, demand for non-aviation commercial activity at Wanaka Airport is likely to be very low, and simply reflect the demand generated by localised airport business activity.
20. In considering these differences, it is my view that the level of non-aviation related commercial activity enabled at Wanaka Airport should be kept to a minimum.

5 At paragraphs 195-196.

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21. In relation to the activities proposed to be contained within the definition of 'Airport Related Activity - Wanaka Airport' I consider a total non-aviation and non-ancillary, related commercial provision of 1,000m² GFA is sufficient to accommodate foreseeable demand within the Wanaka Airport Zone, with an individual non-aviation and non-ancillary tenancy cap of 100m².
22. Such a limited provision would have no consequential retail economic or commercial effects on Wanaka's commercial centres, whilst at the same time providing some flexibility for Wanaka Airport to provide some small scale retail, commercial service or office activity to support Wanaka Airport's operations and employment base.
23. I have read the evidence of Ms Rachel Tregidga and Mr Kyle in relation to the current size of commercial activity in the Wanaka Airport Zone. Both do not want to see the 1,000m² GFA limit for non-aviation, non-ancillary commercial activity (stand alone retail and office) as part of the policy framework. This is basically a '*trust us*' approach and is akin to thinking the market left to its own devices would not establish anything untoward. I consider such an approach a high risk strategy for Council.
24. In my experience airports are like any other commercial operator seeking year on year improved returns and performance from its property holdings. Ms Tregidga⁶ makes this clear by stating QAC seek alternative means to make profit. Retail and commercial office activity is a proven way of delivering increased commercial and shareholder returns.

Queenstown Airport

25. I note I have read the evidence of Mr Sergeant⁷ and Mr Kyle,⁸ in respect of short term visitor accommodation at Queenstown Airport in the future. I do not have an issue and see that activity as complementary to airport function.

6 Evidence of Ms Rachel Tregidga at paragraph 35.

7 Evidence of Mr David Sergeant at paragraph 7.10.

8 Evidence of Mr John Kyle at paragraph 5.57-5.62.