
REPORT 1
(1215/52/IM)

CENTRAL CITY ECONOMIC DEVELOPMENT

1. Purpose of Report

To address an urgent resource management issue in relation to the future economic development of the central city.

2. Recommendations

It is recommended that the Committee:

- 1. Receive the information.*
- 2. Agree to publicly notify Proposed District Plan Change 66 (Appendix 1) and Proposed District Plan Variation 5 (Appendix 2), in accordance with the First Schedule of the Resource Management Act 1991.*
- 3. Adopt the Section 32 Report attached as Appendix 3.*
- 4. Delegate to the Portfolio Leader for Urban Development and Transport the authority to approve minor editorial changes prior to public notification.*

3. Executive Summary

This report seeks the approval of Committee to notify Proposed District Plan Change 66 and Proposed District Plan Variation 5 for public consultation.

The proposed plan change and variation will address a critical gap in the City's District Plan, namely the ability to consider the potential economic and transport effects of exceptionally large retail activities and integrated retail developments (such as shopping malls and retail parks).

The Council's inability to consider such effects in the assessment of resource consents poses significant risks to the ongoing successful realisation of the City's economic, transport and urban development goals and strategies. Other local authorities have the ability to consider such effects in their decision-making.

The plan change makes several important changes to the provisions of the Suburban Centre and Central Area:

- A new objective that seeks to ensure retail development does not compromise the sustainability of the Golden Mile or the city's transport network.
- New policies that seek to manage the location and scale of retail developments to ensure they do not adversely impact on the sustainability of the Golden Mile or lead to an inefficient use of resources or unsustainable transport impacts.
- A new rule which requires exceptionally large retail development to be Discretionary Restricted and provides discretion to consider the impact of development on the Golden Mile, the efficient use of resources, the impact on transport patterns and other related matters.

4. Background

The Central Area and Suburban Centre zones in the operative District Plan are very permissive. There are no direct restrictions on activities or on the scale of activities. Whilst this approach has been beneficial in that it has allowed landowners to quickly and easily alter land use in response to market forces, monitoring and recent development proposals have picked up that this approach does have significant risks.

In recent years Council has notified two plan changes (proposed District Plan Change 48 and 52) to assist in the management of these issues. Plan Change 52 introduced urban design criteria for large retail proposals, and an economic impact assessment for large out-of-centre retail proposals. DPC 52 has been heard, a decision released and appeals have been received.

Plan Change 48 comprehensively reviewed the central area provisions, retaining a flexible approach for the location of activities, and introduced new bulk and massing controls. It recognised the importance to Wellington City of the Golden Mile. In particular the plan change placed controls on new retail and office development on port and rail land north of the CBD, to ensure that it did not reduce the vibrancy and vitality of the CBD and the Golden Mile. This plan change has been heard and is under appeal. None of the appeals received specifically challenge the new provisions relating to office and retail development on port and rail land.

However neither of these plan changes dealt comprehensively with the impact of very large retail development proposals within town centres or the central area.

4.1 *Draft Centres Policy*

Council recently considered the draft Centres Policy (SPC 24 April 2008). This outlines a change in approach to managing the location and scale of retail development. In particular it contains the following policies:

- **Policy 1.1** - Retail development within centres should be of a scale and intensity appropriate to the place of that centre in the hierarchy.

Redevelopment opportunities are likely to be of greater scale and intensity in the larger centres and of lesser scale and intensity in smaller centres.

- **Policy 2.3** - Retail proposals elsewhere in the City will only be supported where they are of a scale that does not impact on the long-term viability and vitality of the central city.
- **Policy 2.5** - Proposals for very large (greater than 10000m² gross floor area) retail developments elsewhere in the central city will only be supported where it can be demonstrated that they would not have significant adverse impacts on the economic viability and vibrancy of the Golden Mile.

This Plan Change and Variation seeks to implement particular elements of this policy approach. A more comprehensive review of the Suburban Centre chapter of the District Plan is due to be considered by Council towards the end of this year.

5. Discussion

5.1 Importance of existing centres

Wellington's 'centres' are physically spread across the city, and include the Central Area, town centres, district centres, neighbourhood centres, industrial areas and work areas. Centres are the focus for much of the economic and social life of their communities. They provide accessible shopping and local services to meet people's day-to-day needs. The larger the centre - the greater the range of activities and functions that are typically located there. It is the combination of activities and functions that makes centres particularly important places, as it enables them to deliver a range of environmental, social, economic and cultural benefits.

The importance of the central city to both Wellington City and the region as a whole cannot be underestimated. As an employment centre it provides jobs for over 70,000 people (over 30% of all jobs within the region). As a shopping centre it has the largest concentration of retail in the region and is dominant in comparison goods, fashion and speciality shopping. The Golden Mile is of particular importance to the City, and is viewed by investors as Wellington's 'outdoor mall'. The importance of the central city to the economic and social health of the whole region is recognised in the Wellington Regional Strategy and the draft Regional Policy Statement.

5.2 Threats to existing centres

Neither DPC 48 nor DPC 52 specifically considered the potential effects of new, exceptionally large retail development (either a stand alone retail outlet, shopping mall or retail park) to compromise sustainability of the City's centres, and in particularly the vibrancy and vitality of the Golden Mile.

There are currently an unprecedented number of retail development proposals within the City. These include two very large shopping malls, several significant large-format retail proposals, several large supermarkets and other mixed-use

developments. Together these total a similar amount to the entire retail floorspace of the Golden Mile.

Clearly the amount of retail spend generated by the city's population and visitors is fixed at any one point of time and therefore the result of major retail development is to redistribute this spending across different geographical locations.

Recent economic analysis of one major retail proposal within the City has revealed that it could have a significant impact on the long-term economic health of the Golden Mile and central area. The potential impacts that have been identified include:

- Significant loss of retail spend in the central city that could impact on its long-term economic viability and cause retail activities to relocate;
- Loss of employment;
- Follow-on impacts on visitor/event spending
- Reduced pedestrian numbers, vibrancy and overall 'city attraction'
- Major changes to travel patterns and trip lengths
- Potential undermining of public investment in infrastructure, public spaces and community facilities.

The current District Plan does not however allow these impacts to be considered as part of a 'Discretionary Restricted' activity – this is the activity status that would apply to most large retail developments in Suburban Centre and Central Area zones. There is therefore a need to urgently amend these provisions to ensure that the Council can appropriately consider these effects as part of the resource consent process.

5.3 Proposed Plan Change 66 and Variation 5

The proposed plan change has two parts – these are outlined in Appendices 1 and 2. Proposed Plan Change 66 contains changes to the Definitions, Suburban Centre and Central Area chapters of the Operative District Plan. Variation 5 is required in order to incorporate these changes (as relevant) into proposed District Plan Change 48 – Central Area Review.

The content of the plan changes can be summarised as following:

- Exceptionally large retail activities are taken to be either a single retail activity with a gross retail floor area in excess of 10,000m², or an integrated retail development (such as a mall or retail park) with a gross retail floor area in excess of 20,000m².
- Any exceptionally large retail development requires consent as a Discretionary Activity (Restricted). Council's discretion is limited to the effect of the development on the sustainability of the City's existing retail centres (including the Golden Mile), the sustainability of the transport network, and the location of retail activities.
- Developments located in Johnsonville, the Central Area, Newtown and Kilbirnie (the main centres along the 'growth spine' identified in the Urban Development Strategy) will be assessed in terms of their potential impact on the economic sustainability of the Golden Mile

- Developments in any other centre must consider both their potential impact on the economic sustainability of the Golden Mile and other retail centres.
- All developments will be assessed in terms of their potential impact on the sustainability of the transport network.
- Office product supplies, second hand goods, and yard based supplies are excluded from the definition of 'retail activity'.

6. Conclusion

This proposed Plan Change and Variation are considered essential to provide the Council with the ability to appropriately consider the impacts of exceptionally large retail development on the Golden Mile and its overall impact on the form of the City and transport patterns. Without these amendments Council could have no ability to consider these issues and this could lead to the approval of developments that could significantly harm the long-term future of the central city.

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Supporting Information

1) Fit with Strategic Objectives/Strategic Outcomes

This proposed District Plan Change and Variation are consistent with the Council's Urban Development Strategy, Economic Development Strategy and Transport Strategy, and the draft Wellington Regional Strategy.

2) LTCCP/Annual Plan reference and long term financial impact

Relates to updating of the District Plan. No long term financial impact.

3) Treaty of Waitangi considerations

There are no specific Treaty of Waitangi implications.

4) Decision-Making

It is part of the on-going updating of Wellington City's District Plan.

5) Consultation

a) General Consultation

Consultation has been carried out with relevant Council staff. Statutory consultation has been carried out in accordance with the 1st Schedule of the RMA.

b) Consultation with Maori

Iwi were contacted as part of the consultation process. This consultation paper has raised no direct issues for Tangata Whenua.

6) Legal Implications

The proposed Plan Change and Variation have been assessed in accord with the Resource Management Act 1991.

7) Consistency with existing policy

The proposed Plan Change and Variation are consistent with existing WCC policy.