

#### 4. FUNDING NEEDS FOR COMMERCIAL STRATEGY

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The purpose of this report is to outline a request for additional funding for significant work in the development of a Commercial Strategy to address the growth, location, size, scale and impacts of commercial (retail and office) developments in our city.

#### COMMERCIAL STRATEGY

##### Background

Over the past few years there has been a significant increase in the scale and spread of new retail developments and redevelopments both within existing commercial centres and in locations outside of these centres.

Christchurch has a very high level of retail floorspace per capita and that figure is projected to significantly increase with expected new retail developments at existing malls and new suburban industrial developments. Figures from 2000 showed Christchurch City had a total retail floorspace of 958,307 sqm, and a ratio of 2.9 sqm of retail floorspace per person. In comparison retail floorspace per capita for other cities for 2000 were: Auckland City 2.36, Manakau 1.56, Waitakere 1.30 and Northshore 0.97. Thus Christchurch has an exceptionally high floorspace per capita compared to a number of other cities.

The current estimated annual retail turnover in Christchurch is about \$4.35 billion.

Projections by Council staff made in August 2001 identified an expected increase in retail floorspace of 116,585 sqm in new mall developments and in suburban industrial (B4) zones. This would be an increase of 12%, and increase the per capita retail floorspace for every person in Christchurch to about 3.2 sqm per person.

With these projected increases in retail floorspace, Central City retail floorspace would decrease its proportion of total Christchurch floorspace from 34% to 30%.

There are a number of issues/concerns which this spread of retail and commercial activity raises:

- Threats to the financial and community viability of the central city and existing suburban centres (both local centres and district centres), where these centres are important as both commercial trading areas and as community focal points;
- Significant changes in the form of urban development throughout our city;
- Potential impacts on the distribution and location of community facilities (including social services);
- Potential for the rate of transition and/or over-intensification of sites to impact upon urban amenity and urban design of affected areas;
- Effects on transport networks (local and regional traffic changes; public transport difficulties of servicing numerous different commercial locations; ease of access for cyclists and pedestrians);
- Environmental impacts such as additional traffic, impacts on local neighbourhoods, etc.
- The need to assess of existing City Plan policies and rules with respect to retail and commercial development toward achieving Council and community objectives.

Although the Council clearly recognises the importance of commercial centres in the city for meeting peoples' needs, there is currently no overall framework for the management of regulatory and non-regulatory initiatives in respect of our commercial resource. Staff are aware of some centres that are in decline and whose environment may need to be managed as such, and also that new centres are establishing, possibly to the detriment of existing centres. However, non-regulatory programmes are often initiated on an 'as-requested' basis, and there is little information about the changing viability of centres, let alone a strategy to influence the best distribution and proactive support of commercial activity that would most efficiently and effectively meet the needs of our present and future communities.

## Purpose and Objectives

Staff believe there is a need to develop a Commercial Strategy to address these issues. The purpose of the Commercial Strategy would be to give clear direction to location, scale and form of commercial activity in relation to both current population needs and future growth, so as to ensure that the provision for commercial activity in Christchurch is efficient, provides for equitable community access and is sustainable in economic, environmental and social policy terms into the future. It will provide a framework for the consistent and integrated management of commercial centres through both regulatory and non-regulatory means.

Importantly, the development of a Commercial Strategy will need to have a very robust assessment that is defensible in terms of:

- commercial/economic analysis;
- social assessment;
- transport consequences;
- urban growth consequences; and
- usable as Section 32 assessment for the Resource Management Act in terms of defending any possible future changes to the City Plan.

## Assessment of Funding Requirements for development of a Commercial Strategy

Below is outlined a general assessment of key information to be gathered during the coming months in order to provide the foundation for a Commercial Strategy. It is anticipated that the bulk of time over the upcoming year will be spent on preparing appropriate models, undertaking any issue identification through focus groups etc, and collecting primary data. Council already has a variety of relevant information but in order to provide a more rigorous and robust strategy, additional data, analysis and implementation options will need significant work (and funding). Note that some retail floorspace information is already programmed to be collected during the upcoming year in order to provide more accurate information, in part for Environment Court work, and that it would be preferable to wait for this work to be completed than to use the information currently held by the Council. The table below outlines a work programme and associated funding needs over the next two years in the development of a Commercial Strategy.

*Funding Requirements for Commercial Strategy 2002/03 and 2003/04*

	<b>Information and Analysis Required</b>	<b>Expert required</b>	<b>Internal / external</b>	<b>Funding required 2002/2003</b>
1	Existing retail and office floorspace survey by centre and outside of centre  Economic/retail modelling and analysis	Monitoring & Research Team; Retail expert; Survey consultant	Internal and external	\$40,000 (survey)  \$30,000 (Modelling)
2	Retail and focal point issues/objectives identified by the community	Planning Policy Team; Consultant	Internal/external	\$20-30,000 (city-wide focus groups/input)
3	Business information (births/deaths/relocations, numbers and types of businesses and employees by centre etc)	Monitoring and Research Team	Internal	Stats NZ data \$10,000
4.	Function / role of centre	Planning Policy; Retail expert; Community/Social Consultant	Internal/External	\$40,000
	Catchment of centre			
	Pattern / distribution of retail activity by function of centre			
	Retail expenditure by neighbourhood			

5	Current and projected population, including urban growth areas	Monitoring and Research Team	Internal	Stats NZ data (available already? No additional cost likely)
6	Transport issues (incl traffic patterns & impediments to accessibility)	City Streets Staff; Transport Consultant	Internal and External	\$30-50,000 (Network and local area modelling)
7	Regulatory context – current City Plan provisions etc	Planning Policy Team	Internal	-
8.	Non-regulatory initiatives undertaken to date / programmed	Urban Design/Renewal Team	Internal	-
		Planning Policy Team	Internal	-
9	Strategy Development and Implementation via non-statutory changes (redevelopment) and regulatory changes (eg City Plan)	City Plan Team; Policy Team; Urban Renewal Team; Etc to be determined		\$90,000 (very dependent upon outcomes of stages 1-8)
	<i>Subtotal for 2002/2003 and 2003/2004</i>			<i>\$260,000-290,000</i>
	<b>Recommendation for 2002/2003</b>			\$130,000
	<b>Recommendation for 2003/2004</b>			\$130,000

#### Existing Work Programme and Funding for 2002-2003

Currently the Policy Directorate has a budget of approximately \$120,000 for external goods and services in the City Planning budget. However, existing City Plan references and variations are expected to require all (and a bit more) of that funding including:

<b>City Plan Requirements 2002/2003</b>	<b>Funding required</b>
<i>City Plan References:</i>	
• <i>Business 4 zoning estimated costs</i>	\$ 50,000
• <i>Business zoning</i>	\$ 10,000
<i>City Plan Variations:</i>	
• <i>Financial contributions</i>	\$ 20,000
• <i>Awatea Block</i>	\$ 20,000
• <i>Wigram and Others</i>	\$ 30,000
<b>SUBTOTAL</b>	<b>\$130,000</b>

Thus, to meet existing City Plan outstanding references and variations, it will require all of the existing Policy Directorate forward planning funding with regard to City Planning. Also, the development of a Commercial Strategy will require additional funding beyond that available in the existing Policy Directorate budget.

**Recommendation:** That the Council include in its Annual Plan the sum of \$130,000 in each 2002/2003 and 2003/2004 annual budgets to meet the external costs of goods and services for the development of a Commercial Strategy.

**Chairman's**

**Recommendation:** Not seen by Chairman.