

## 6. COMMERCIAL STRATEGY TO HELP ADDRESS CONCERNS ABOUT THE VIABILITY OF IN PARTICULAR, SMALL URBAN SHOPPING CENTRES

<b>Officer responsible</b> Director of Information	<b>Author</b> Matt Bonis, DDI 941-8878
---	---

The purpose of this report is to provide information requested (bullet point two, meeting 16 September 2002) from the Urban Planning and Growth Special Committee for an update “on a commercial strategy and how that will help to address concerns about the viability of, in particular, small urban shopping centres. Also, what can be done in those cases where changes in shopping patterns mean that such shopping centres are no longer commercially viable.”

### THE COMMERCIAL STRATEGY

A request for funding approval for a Commercial Strategy was presented to the Annual Plan Working Party, City Manager and the Director of Policy for the 2002/03 financial year. The request was for \$130,000 for the preparation of a commercial strategy that would address the growth, location, size, scale and impacts of commercial (retail and office) developments in the city. Approval was given for an allocated funding budget of \$100,000 and an ‘indication of intent’ for a further \$100,000 was anticipated for the 2003/04 annual plan.

### SCOPE

Commercial activity covers the whole spectrum of business activity other than those traditionally categorised as ‘primary’ and ‘secondary’ industry. The term ‘commercial activity’ usually relates to all forms of trade together with the services that assist trading, and is generally undertaken with an intent to produce profit. Commercial activity can be understood as a subset of ‘business activity’, which in the City Plan also includes industrial activity and processes. Industrial processes usually generate environmental effects of a different type and scale to those associated with commercial activity, and so are not considered appropriate to include within a ‘Commercial Strategy’.

Thus, for this exercise, ‘commercial’ refers to forms of expenditure, employment and investment in retailing, offices, some forms of entertainment and visitor accommodation.

The Commercial Strategy will be an important consideration in the preparation of the ‘Long Term Community Consultation Plan’ (LTCCP). The mode of delivery of social services, for example, will influence decisions on how the public sector and other providers locate offices, education and medical care facilities within the City.

A Commercial Strategy has been promoted because, although the Council clearly recognises the importance of commercial centres in the City for meeting people’s needs, the provisions of the City Plan provide only a partial framework for the integrated management of the effects of commercial activities in the city. At present there is no overriding framework for the management of regulatory and non-regulatory initiatives in respect of the city’s commercial resources. Council is 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. At present ‘non-regulatory’ programmes are often initiated on an ‘as requested’ basis, and there is little information, nor criteria about how to identify and manage the changing viability of centres. There is therefore an absence of an overarching strategy to influence the best distribution and proactive support of commercial activity that would most effectively and efficiently meet the needs of the community, both present and in the future.

It is important to understand the types of commercial ‘centres’ that are considered relevant to address in respect of the Commercial Strategy. The City Plan allocates ‘business zones’ to the various commercial and industrial areas within Christchurch. The City Plan also enables retail and office activity to occur to varying degrees in most other zones in the city. The Commercial Strategy will therefore consider the distribution and scale of retail and office activity throughout the city as a whole.

The existing commercial centres that have already been identified within the City Plan and that will be subject to assessment in the Commercial Strategy are: the Central City; district centres (such as Riccarton Mall); and local centres (such as at Northern Belfast). Local centres sometimes take the form of strip shops in association with a district centre. The ability for additional centres to establish outside of these commercial zones will also be an important feature of the Commercial Strategy; this is particularly relevant in respect of the light industrial zones which, at the time of writing, allow virtually unrestricted retail activity to occur<sup>1</sup>. Thus it should be noted that the matter of local centres is but one issue to be addressed in the preparation of the Commercial Strategy for the City.

## ISSUES

The issues raised in relation to the existing management of commercial distribution within the City include:

- Threats to environmental quality and social conditions in commercial areas arising from changing market trends in commercial development and investment;
- Concern over possible decentralisation of population and employment in a manner inconsistent with the objectives and policies in the City Plan, Chapter 4 'city identity' and Chapter 6 'urban growth';
- Potential effects of the above changes on:
  - Amenity of affected areas; and
  - The transport network and ability of people to have convenient access to retail and commercial facilities in a manner that minimises the need for private transport.
- Threats to the financial viability and community social fabric and environmental quality 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;
- 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; ease of access for cyclists, and pedestrians), and network and integration matters;
- Environmental impacts such as additional traffic, impacts on local neighbourhoods etc;
- The need to assess existing City Plan policies and rules with respect to retail and commercial development towards achieving Council and community objectives.

## PURPOSE

The purpose of the Commercial Strategy would be to give clear direction to the location, scale and form of commercial activity so as to ensure that the provision of commercial activity is efficient, provides for equitable community access and is sustainable in economic, environmental and social terms. It is noted that case law from the Environment Court has indicated that **need** for retail floorspace **is not an issue** that the Environment Court believes is a material planning consideration under the Resource Management Act, although adverse (and sustained) effects on centres, which perform a range of community as well as community functions, are legitimate RMA issues. The Commercial Strategy will provide a framework for the consistent and integrated management of commercial centres through both regulatory and non-regulatory means. The term 'commercial' within the strategy will apply to those business activities that focus primarily on retail and office development, although it also acknowledged that cultural and social infrastructure with links to business activities (ie restaurants, multiplex cinema) are also likely to be incorporated.

---

<sup>1</sup> Several references to the Environment Court concern this issue. Evidence has been prepared supporting a return to a centres-based distribution to retail activity, but due to concerns regarding the scope to make the desirable amendments to the Plan, a variation to the Plan is instead currently being prepared.

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

- Commercial/economic analysis;
- Social assessment;
- Transport consequences;
- Usable Section 32 assessment for the Resource Management Act in terms of defending any possible future changes to the City Plan.

#### **TIMEFRAME**

As noted above, the Annual Plan has allocated funds for the commencement of work on the Commercial Strategy. This will primarily entail information gathering and assessment by staff and consultants and this work is likely to continue into the next financial year due to the anticipated costs of some of the required modelling work, principally that related to economic assessment and transport network modelling. Briefs for this work have yet to be prepared and the Committee will be provided with updates on a regular basis as work is commenced and continued.

#### **RELATIONSHIP TO SMALL URBAN SHOPPING CENTRES**

##### **1. Convenience Retailing**

In the City Plan convenience stores are generally provided for through the B1 Zone, and generally represent small-scale retail shops and service activities. Many are characterized by 'strip' development of shops immediately adjoining road frontages. The purpose of the zone is to provide for local opportunities for employment, community activities and convenient (often pedestrian) access to goods and services.

##### **2. Pressures and Trends**

The role of convenience stores has come under pressure from the increasing competitive and aggressive nature of supermarkets. Small retail shops are generally unable to compete on price with the buying power of large chain stores. Also the role of petrol stations has evolved over the last twenty years to the point where they generally act as convenience stores with petrol offered just as another product. There are instances of B1 Zones within the city that due to either an inappropriate location, historical layout problems, direct competition with nearby suburban centres, or simply through being 'environmentally tired' are falling into decline. The long term survival of a number of these centres will need to be planned for, and in some cases this may involve managed decline and conversion to other uses.

Historical retail studies<sup>2</sup> have identified that local centres that have successfully adjusted to the last twenty years of retail trends exhibit one or more of the following traits:

- Inclusion of public facilities such as libraries;
- Specialisation and differentiation – Finding a niche, such as up-market specialist shops, antique shops or 'arthouse' cinema. Topography can also play a part, as the example at Cashmere Shops on the corner of Hackthorne Road and Dyers Pass Road demonstrates: the views, coupled with the restaurants/coffee houses and effectively a captured market, ensure the vibrant functioning of these shops;
- Geographical position and accessibility - The position of local centres within either captured markets or on busy traffic routes.

Observation also reveals that specialist chain shops (such as KB's) and the trend towards combining bread shops, coffee and outdoor seating has provided a degree of robustness to a number of Business 1 zoned areas within the City for example Belfast and the Cashmere Hill end of Colombo Street.

---

<sup>2</sup> Wellington City Council Retail Study. 1991.

## **OBJECTIVES FOR THE COMMERCIAL STRATEGY (INCLUDING SMALL URBAN SHOPPING CENTRES)**

Small urban shopping centres incorporate retail facilities to serve the day-to-day needs of the local community in the neighbourhood. Whilst essentially anchored by retail facilities promoting mainly convenience goods, there may be also a limited range of frequently required comparison goods. The local catchment for the Neighbourhood Centre is generally limited to the immediate local area surrounding it. That is approximately a 10-minute walk, or 1km.<sup>3</sup>

The role of the Commercial Strategy will include the examination in close detail of the role of each urban shopping area (including small shopping areas) and an assessment of:

- Integration of traffic/access/carparking
  - Consideration of the traffic generated by the size of the centre and its consequential effects on the surrounding road network,
  - Pedestrian access routes through and around the centre.
  - Potential traffic generation if developed to full plot ratio and the consequential effects on the traffic network.
- Social impetus
  - The ability of the centre to provide a central focal point for the community;
  - The provision or otherwise of community facilities and social services, such as libraries.
- Scale and Amenity
  - Design considerations given close proximity to residential areas;
  - Consideration of screening outdoor areas, location of parking and planting, artificial lighting and hours of operation.
  - Issues of managed expansion or decline to ensure surrounding amenity is not degraded.
- Position in the City's retail distribution
  - Is the catchment and function of the centre expanding beyond its role as a 'neighbourhood centre' to the detriment of other centres.
  - Analysis as to whether the centre has a specific and appropriate niche within the market, whether this be entertainment, mixed use or retailing.

Such information would provide a baseline comparison of small urban centres within the City and would allow the prioritisation of each centre's role, appropriate outcomes and recommended mechanisms for implementation.

## **MECHANISMS**

### **Non-regulatory mechanisms**

The Council already undertakes non-regulatory initiatives through the use of programmes to meet social, environmental and economic objectives for small urban retail areas. These include such diverse initiatives as street planting, cultural festivals and Mainstreet programmes. The Commercial Strategy will provide an overall framework for the setting of priorities for Council initiated non-regulatory improvements to such commercial areas. This would avoid the ad-hoc approach to improvement works, provide a rationale for a rolling programme of works, and would ensure that community applications for improvement works for declining centres could be appropriately responded to based on the strategic aims for the entire City.

It is worth noting the link between non-regulatory mechanisms and the proposed amendments to the Local Government Act that would confer to the Council a 'power of general competence' which enables the Council (with a community approved mandate) an additional ability to achieve outcomes sought in the Commercial Strategy.

---

<sup>3</sup> Hames Sharley. 2001. Papakura Commercial Strategy Guidelines.

## Regulatory mechanisms

Whilst non-regulatory initiatives are of most benefit in achieving quality infrastructure and improvements to public land, regulatory mechanisms are key to managing the activities on private land. The key statutory instruments in this regard are the Resource Management Act 1991 and the City Plan.

With regard to small urban shopping centres the Commercial Strategy would assist the statutory processes in the following regards:

- Provision of a framework (through zoning) for commercial activity in the City Plan through contributing to the Section 32 requirements (consideration of alternatives, benefits and costs) of the Act;
- Consistency with the City Plan policies and objectives for commercial development and distribution as a whole, and relationships to urban form and accessibility;
- Resource consent assessment where the material of the Commercial Strategy in relation to a particular site/area can be regarded in relation to *“any other matters the consent authority considers relevant and reasonably necessary to determine the application”* (Section 104(i)).
- The ability to utilise the City Plan to enable the conversion of small business urban areas for the provision of niche markets, whilst ensuring adverse effects can be avoided, remedied or mitigated; and also ensuring that inappropriate demand for these sites from pressure for out of zone office, entertainment and industrial activities can be rejected.
- The ability to utilise the City Plan to enable the conversion of decaying small business urban areas for planned and managed decline so that more suitable and sustainable uses for the site/area can be fostered, eg Living Zoning with a Community Footprint.

In order to avoid inconsistent implementation of a Commercial Strategy, it may become important to ensure that the City Plan provisions directly implement the strategy as far as is possible, within the statutory confines of the Act.

## INFORMATION AND ANALYSIS REQUIRED

The following sets out the likely information that would be necessary for the baseline assessment of the Commercial Strategy:

- Existing retail and office floorspace survey by centre and outside of centre,
- Economic/retail modelling and analysis,
- Retail and focal point issues/objectives identified by the community,
- Business information (births/deaths/relocations, numbers and types of businesses and employees by centre etc),
- Function/role of centre,
- Catchment of centre,
- Pattern/distribution of retail activity by function of centre,
- Retail expenditure by neighbourhood,
- Current and projected population, including urban growth areas,
- Transport issues (including traffic patterns and impediments to accessibility),
- Regulatory context – current City Plan provisions etc,
- Non-regulatory initiatives undertaken to date/programmed,
- Strategy Development and Implementation via non-statutory changes (redevelopment) and regulatory changes (eg City Plan).

## CONCLUSIONS

In summary the formation of the Commercial Strategy would provide to the Council an overarching framework for managing the statutory and non-statutory direction of business activity within the City. The strategy would provide a clear direction to the location, scale and form of commercial activity; and provide a robust and defensible basis by which the Council can make decisions as to requests for non-statutory mechanisms (such as funding allocations) and defend its policy and statutory implements through the Resource Management Act process.

With regard to small business shopping centres, the Commercial Strategy would provide to the Council the basis by which to plan for improvements to particular localities through either the provision or improvement of public infrastructure or services, or through enabling social related facilities such as medical facilities or libraries. The Strategy would also enable the Council to plan for the controlled decline of those centres that are not surviving whilst ensuring that the amenity of the area is not degraded by such action.

**Chairman's**

**Recommendation:** That the report be received.